



USAID
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USAID'S BUSINESS ENABLING PROJECT

QUARTERLY REPORT: SECOND QUARTER 2013

July 12, 2013

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USAID'S BUSINESS ENABLING PROJECT

QUARTERLY REPORT: SECOND QUARTER 2013

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1. PROJECT OVERVIEW

USAID's Business Enabling Project, implemented by Cardno Emerging Markets USA, is a five-year initiative launched in January 2011. The purpose of the Project is to help the Government of Serbia (GoS) improve the competitiveness of the Serbian economy and its private sector businesses. The Project provides technical assistance, training, and other support to improve the business enabling environment, maintain macroeconomic stability, and further develop financial markets. The Project is demand driven: all activities are based on the priorities of the private sector and GoS.

The Business Enabling Project (BEP) consists of three major components:

- **Component 1, Business Regulation and Economic Governance**, will streamline laws, regulations, and institutions; improve regulators' capacity to implement laws; and improve analysis and public-private dialogue.
- **Component 2, Macroeconomic Policy and Public Financial Management**, will help the Government implement new budget and fiscal responsibility laws, improve budgeting, increase public disclosure and transparency, strengthen public debt management, and improve economic analysis and forecasting.
- **Component 3, Financial Market Development**, will improve regulatory frameworks for non-bank institutions, develop capacity to strengthen and expand capital markets, and improve conditions for debt market development.

The project's approach to achieving reforms is to help the GoS work closely with the private sector and outside experts to make reforms that improve business competitiveness. The reforms will reduce the time and money spent by Serbian businesses to comply with laws and regulations and will help the GoS to be more efficient. The reforms will also enable businesses to attract necessary investment at an appropriate cost. As result, Serbian businesses will have a better chance to be competitive in the global economy, leading to export-led economic growth and increased employment.

BEP uses an 18 person staff (16 Serbians, two expatriates), substantial Serbian and expatriate short term advisors, and a grants fund to provide technical assistance to GoS and other counterparts.

GoS Partners

BEP works in partnership with the following GoS institutions under joint work plans and action plans:

- General Secretariat of the Government
- Ministry of Agriculture, Forestry and Water Management
- Ministry of Construction and Urbanism
- Ministry of Finance and Economy
- Ministry of Labor, Employment and Social Policy
- Ministry of Justice and Public Administration
- Office for Regulatory Reform and Regulatory Impact Assessment
- Securities Commission
- Fiscal Council (independent body)

2. HIGHLIGHTS DURING THE REPORTING PERIOD

This report covers the ninth quarter of BEP's operation – April 1 to June 30, 2013. Noteworthy activities during the period were:

- BEP's work with stakeholders, outreach, advocacy, and strategy and concept for inspections reform have led the Ministry of Justice and State Administration (MoJSA) to establish an Inspections Law Drafting Group, with BEP as a key member. As a result of the numerous roundtables, thematic discussions and working sessions with representatives of state inspectorates and the business sector, organized by BEP, the MoJSA has formed the Drafting Group. Recognizing the role of BEP in this process, MoJSA nominated two BEP regulatory reform and business regulation experts to the Drafting Group.
- BEP's draft concept for construction permitting was accepted by the GoS. Responding to a request by Government of Serbia (GoS) officials to assist with preparing the new framework for expediting construction permitting, BEP prepared a Draft Concept for Construction Permitting Reform. This Concept is based on the input of top international and local experts, as well as

extensive consultations with a broad group of stakeholders, including representatives of different GoS agencies, the business community, local governments, professional associations and academia. The final version of the Concept was accepted by the GoS, and BEP is drafting the necessary legislation to accomplish the Concept. BEP expects the new legal framework for construction permitting to be adopted by the end of 2013, which should reduce the duration of construction permitting procedures from 269 to 35 days with only one institution – a one stop shop at the municipal level – in charge of leading the whole process and communicating with investors.

- BEP helped the Budget Department reach some key milestones for implementation of program budgeting: BEP helped the Budget Department implement program budgeting by holding workshops with budget users. On April 22 and May 17, BEP helped the Budget Department of the Ministry of Finance and Economy to organize the first two meetings of the intra-governmental working group for implementation of program budgeting. Between May 27 and May 30, BEP team, supported by an international consultant, continued assisting the Budget Department of the Ministry of Finance and Economy (MFE) in developing program budgeting methodology, which includes instructions for program budgeting development at the national and local levels. The team also met with representatives from selected municipalities and the Standing Conference of Towns and Municipalities – the organization that will support the implementation of program budgeting at the municipal level. The meeting focused on a list of common programs and program-linked performance indicators developed by BEP based on municipalities' legal mandates.
- The draft Factoring Law that BEP worked on was approved by the GoS and officially sent to the Parliament to be adopted. According to the MoFE the GoS did not have any suggestions/comments to the draft, and they were pleased with the work of the working group. The draft is posted at: <http://www.parlament.gov.rs/akti/zakoni-u-proceduri/zakoni-u-proceduri.1037.html>.
- The Payments Law, which BEP provided comments and suggestions on, appears to be having impact on the public sector side, providing liquidity to businesses that sell to the GoS. The Ministry of Finance and Economy reported that in the first 45 days since the application of the related law started, state budget beneficiaries paid RSD13.4 billion to private businesses, but RSD 89.6 million in payments are overdue. The Ministry is halting budget transfers to the delinquent institutions until they pay the overdue obligations. However, as we expected, the law appears to be going less well on the private sector side. Businesses have informed us that it is impractical for some businesses with different payment and cash flow cycles, such as agribusinesses with long production cycles. Larger businesses appear to be getting around the law by using consignment or changing purchasing patterns to smaller, more frequent orders. Once we have more information from businesses we will inform the Ministry of the issues.

To provide relevant technical assistance to the MoFE Budget Department in developing a program budget framework and methodological, BEP engaged Mr. Jan Marusinec, the former Head of Budget Department in the Slovakian Ministry of Finance. Mr. Marusinec has extensive hands-on experience in introduction of program budgeting and performance indicators.

EU Spring Report on Serbia Includes Mention of BEP accomplishments

"The Serbian government has also carried on with reforms aimed at improving the economic and *business environment*. A significant and positive development was the adoption of the new Law on Public Procurement at the end of 2012. This law further aligns Serbian legislation with the *acquis* and generally improves the efficiency of public procurement procedures, for example by centralizing public procurement. It strengthens the institutions in charge of the enforcement and monitoring of the public procurement rules. New rules for the prevention of corruption and conflict of interest were introduced. Overall, this law should result in more transparent and efficient procurement procedures, and increased competition. The government has adopted other measures aimed at improving the business environment, including abolition of more than 130 parafiscal charges and fees weighing on business activity, amendment of the VAT law and adoption of a law limiting the deadline for Settlement of cash liabilities." (pg. 10)

- abolition of more than 130 parafiscal charges
- amendment of the VAT law and adoption of a law limiting the deadline for settlement of cash liabilities – C3 recommendations from the A2F White Paper

REVIEW OF PROJECT PROGRESS

Approximately half way through the project, BEP has had many successes and great impact. The project accomplished all aspects of its Work Plans in the first two years, with all planned activities accomplished. PMP indicators are being met or exceeded. In the second quarter of 2013, BEP again accomplished all planned activities.

BEP is on track to help the Government of Serbia (GoS), business community, and other stakeholders accomplish several reforms that can transform the economy and lay the groundwork for rapid economic growth over the rest of the decade and beyond. For example, Component 1 has successfully gained support from the GoS, private sector, and donors for a comprehensive overhaul of construction permitting, and BEP is now drafting landmark legislation that will facilitate that overhaul. Component 1 is also helping develop a modern Labor Law and a new framework and process for inspections, among several other key business environment reforms. Component 2 has helped improve public debt management, saving the GoS millions in borrowing costs. BEP is also helping the GoS reform its budget process to spend more rationally and transparently. Component 3 has already accomplished significant reforms in factoring and leasing, which will unleash hundreds of millions of Euros in new financing, and BEP's assistance to the Securities Commission has laid the groundwork for new issuances of equity and debt securities.

Thanks to its rigorous analysis, effective approach, and assistance from the USAID Mission and U.S. Ambassador, BEP is seen as a leader in reforms in the areas of business regulation and economic governance, public financial management, and financial market development. BEP has developed the most influential studies, analyses and guides to reforms in each area it works in. BEP's strategic communications and direct assistance to GoS counterparts, along with the Mission's and Ambassador's tremendous advocacy to GoS officials, have ensured that the targeted reforms have become GoS priorities. The project has been very successful in mobilizing coalitions of business associations and government officials and staff. BEP's role in reform efforts includes facilitation, technical assistance, publicizing and communicating, and monitoring.

The GoS has requested BEP assistance in nearly all Task areas of the project, and in most areas the Government has asked BEP to take a leadership role. For example, the GoS has asked BEP to lead public-private dialogue and legislative drafting in construction permits, labor law, and access to finance. BEP is co-leading several legal and institutional reforms with the GoS, including program budgeting, public debt management, inspections, and public-private partnerships.

Administrative and General Activities

BEP Conducted Roundtables with Businesses on Key Business Environment Reforms – BEP conducted roundtables throughout Serbia to advise businesses of ongoing reform efforts and hear from businesses on their main issues in the areas covered by the project. These roundtables, led by BEP's Chief of Party Joe Lowther, provided businesses with an update on the issues that they complained about in roundtables conducted by BEP in 2011 and 2012. They also provided BEP and the Government of Serbia with feedback on the reforms, and point to areas that need particular attention. The roundtables are an opportunity to gain support and advocacy for reforms from businesses around Serbia. In April the project organized roundtables in Novi Pazar, Kragujevac and Vranje. Conclusions from the regional roundtables included: interpretations of regulatory requirements relating to inspections should be standardized; inspections need to be much more transparent in every aspect; different inspection controls must be better coordinated; emphasis should be on prevention; inspections should be risk-based; inspections should do more to combat firms operating in the gray economy; and warnings should be used and fines should be adjusted to the economic strength of companies. When it comes to construction permits, urban and spatial plans are still of low quality; procedures are getting better than before but in some cities there are still some unnecessary procedures. One stop shops are the right solution for speeding up the process of obtaining construction permits. Businesses strongly agree that Labor Law should be reformed. The main problems are high taxes on the lowest wages, termination due to underperformance, fixed-term

employment contracts and labor disputes. Each roundtable received significant attention in the local media, particularly television.

BEP discussed further cooperation with Serbian Chamber of Commerce (SCC) to improve the business environment. BEP Chief of Party, Joe Lowther and the new president of the SCC, Zeljko Sertic met officially to discuss future cooperation in key reform areas: labor law, construction permits, improving access to finance for small and medium enterprises (SMEs), and tackling the shadow economy. Mr. Sertic pointed out that he was well acquainted and impressed with the project's work to date, including BEP's White Paper on Access to Finance for SMEs. Mr. Sertic agreed on the need for the Government to communicate its reform program, and said that the Chamber would be interested in participating in joint business associations' initiatives, since business associations would be able to enhance their capacities only if they closely coordinated their activities and communicated consistent messages to the Government and media. The SCC will, in its daily communications with the GoS, insist on business environment measures being part of a new set of actions the GoS is set to propose in the weeks to come.

BEP joined AmCham's Business Luncheon with Ms. Jorgovanka Tabaković, Governor of the National Bank of Serbia. AmCham's Business Luncheon was a good opportunity for attendees to hear about inflation targeting and monetary policy expectations and prospects for the stability of the financial system. Ms. Tabakovic stated that the National Bank of Serbia fully supports the arrangement with the IMF and is convinced that the Government of Serbia will find ways to safeguard public finances and halt the growth of public debt. The NBS will keep up its efforts aimed at facilitating access to finance for businesses, including exploring means to encourage more bank lending and increase non-bank financial institutions, including micro-finance institutions and credit unions. A new Payment Services Law is also being drafted. The Governor emphasized that foreign financial institutions have increased the availability of their credit lines intended for SMEs, using the NBS as agent, and that local banks should follow suit.

BEP's second set of interns provided assistance and received training and mentoring. The project has four interns providing research and logistical support. Interns also participate in a training program. The interns completed their research assignments and will present them to the BEP staff in July.

Component 1

BEP undertook activities that cover multiple Component 1 Tasks:

BEP and NALED continued to monitor improvement to the business environment in Serbia. On April 12, the National Alliance for Local Economic Development (NALED) and BEP presented the Report on the Regulatory Reform for the first quarter of 2013. The Report was conducted under a grant from BEP, whereby NALED and BEP developed a Business Environment Index and quarterly survey of businesses. The presentation by NALED showed that there was little improvement in administrative and fiscal burdens to businesses during the first quarter of 2013. The presentation emphasized the necessity of reforming the regulatory framework for labor, inspections oversight and construction permitting, as well as continued reform of para-fiscal levies. Furthermore, the Report highlighted problems caused by burdensome administrative procedures, unclear regulatory provisions, inconsistent interpretation of laws and regulations, and poor implementation of laws. The Survey of Businesses showed that 34% of all businesses earned less than in the previous year, and that there was a slight increase in the number of those who were planning to invest and expected to export more in the next 12 months.

Under **Objective 1, Task 1, "Improve Inspections Operations and Organization,"** BEP's work with stakeholders, outreach, advocacy, and strategy and concept for inspections reform have led the Ministry of Justice and State Administration (MoJSA) to establish an Inspections Law Drafting Group, with BEP as a key member. As a result of the numerous roundtables, thematic discussions and working sessions with representatives of state inspectorates and the business sector, organized by BEP, the MoJSA has formed an Inspections Law Drafting Group. Recognizing the role of BEP in this process, MoJSA nominated two BEP regulatory reform and business regulation experts to the

Drafting Group. The first meeting of this Drafting Group, organized jointly by the MoJSA and BEP, took place June 25, 2013. The MoJSA endorsed the Concept of the Draft Inspections Law developed by BEP and provided it to the Drafting Group. The Concept encompasses best international practice in reforming inspections, including prevention rather than sanctions, risk-based supervisory system, coordination of various inspections, transparency, and means to tackle the shadow economy. During the first meeting of the Drafting Group, its members expressed agreement with the Concept. The ensuing discussion covered harmonization of the Inspections Law and other laws and regulations; role and scope of the Inspections Law; differentiation of inspection oversight compared with other supervisory models; coordination of inspections; training and capacity building for inspectors; and transparency of inspections' operations and regulations. During the meeting the MoJSA appointed BEP's two experts to a four person core Drafting Group. The core Drafting Group will take July, August and September to prepare the first draft of the Inspections Law, which will be presented to the broader Drafting Group at its next meeting, scheduled for September 2013.

The MoJSA has pledged that the draft Law will be completed not later than March 2014, while the Government of Serbia should adopt it by June 2014 at latest. The nomination of BEP staff to the MoJSA Drafting Group and core Drafting Group will enable the Project to directly influence the incorporation of best inspection practice into the future Inspections Law and ensure that the legislative drafting process is inclusive and transparent. The new law will lighten the regulatory and administrative burden on businesses, increase compliance, reduce the informal economy, and contribute to the creation of a better business environment.

Progress on the new law is the result of two years of advocacy, outreach, and technical assistance by BEP. These efforts culminated with the April 5 "VI European Legal and Policy Forum: How Inspections Can Protect Serbian Citizens and Economy", organized by the GIZ Legal Reform project. During this event, which BEP helped plan and execute, Minister of Justice and Public Administration Selakovic announced the need for adoption of the Law on Inspections, that will reduce administrative burden on businesses, provide efficient control and quality of goods and services, and reduce the illegal economy. The Minister emphasized that the new inspections legislation will contribute to the improvement of business environment in Serbia, including the increase of investments and creation of the new jobs. Minister Selakovic stated that "new regulation of the inspections will provide for more effective fight against corruption and improvements in implementation of laws." The Minister expressed his satisfaction with cooperation with BEP, and emphasized the importance of the project's assistance in the process of drafting the new Law on Inspections.. Michael Kirby, U.S. Ambassador to Serbia, underlined the achievements and results of BEP's activities in the previous two years, and expressed the willingness of the U.S. Government to further support inspections reform. The Forum helped to further strengthen the public-private consensus on the necessity for reform of the legal framework for inspections, including adoption of a comprehensive "umbrella" Law on Inspections.

BEP Brings Together Business Associations in Advocating for Inspections Reform

BEP brought together business associations to expedite the establishment of a working group at the Ministry of Justice and State Administration (MoJSA) to draft a Law on Inspections. This coalition of associations discussed joint activities, and agreed to send a joint letter from members of "the coalition" to MoJSA Minister Selakovic urging him to set a reasonable timeframe for adopting the Law on Inspections and offering support in the process of its preparation. Inspections are probably the sole major area of regulatory reform that has not been addressed by the Government of Serbia since reforms began in 2001. BEP drafted the Concept for Inspections Reform and a Model Law on Inspections to meet the demands of businesses and inspection bodies, articulated through five regional roundtables, five focus groups and four meetings of the Inspection Leadership Group. Business associations and BEP are confident that inspections reform will lead to greater legal and economic security for businesses, a modernized public administration, less illicit economic activity, and more investment.

More recently, on June 18, AmCham organized an event at which MoJSA presented the Government's plans for reforming the regulatory framework for inspections, and BEP experts presented recommendations for its improvement. During the discussion the businesses emphasized several issues, including: frequent inspections of legitimate businesses but a lack of oversight of businesses operating in the shadow economy, overlapping competencies of different inspections, the focus on sanctions instead of prevention, a lack of inspector skills, and insufficient transparency with

respect to inspections' internal bylaws. Vladana Jovic, Assistant Minister with MoJSA, confirmed that the government was aware of most of the problems businesses were facing concerning inspection oversight, and was planning changes to the inspection system as part of a comprehensive reform of public administration. Ms. Jovic told the businesspeople that an Inspections Law Drafting Group, which includes BEP, had been tasked with preparing the Draft Law by mid-March 2014. On June 21, 2013, the president of the Serbian Chamber of Commerce, speaking at an event on GoS crisis response measures attended by the Minister of Finance and Economy, underlined the importance of reforming inspections and told Minister Dinkic and other participants about the joint letter facilitated by BEP and co-signed by all key business associations in the country urging the MoJSA to adopt the Inspections Law as soon as possible.

In addition, BEP's support to program budgeting and inspections reform were recognized in the Draft Public Administration Reform Strategy developed by the MoJSA. In recognition of BEP's contribution to the initiative for improving the legal framework for inspections and for introducing program budgeting into all line ministries, the MoJSA referred to BEP as a key resource for both the reform of program budgeting and the new Law on Inspections in the Draft Action Plan. However, the timeframe provided in the draft Action Plan envisaged that the Draft Law on Inspections is to be approved only in Q4 2014, rather than the faster timeframe advocated by BEP and its partners, i.e., the end of 2013. The draft Action Plan also failed to include some necessary activities; omission of some important indicators needed to monitor implementation of inspections reform; and a lack of a narrative on inspections reform. In order to contribute to improvement of the Strategy and expedite development of a new legal framework for inspections, BEP provided comments and proposals for amending the Strategy and the Action Plan. These comments and proposals are based on the demands of businesses and inspections, articulated at five regional roundtables, five focus groups and four meetings of the Inspection Leadership Group. The MoJSA revised the Strategy and Action Plan to reflect these comments, and moved up the deadline to finish the new Inspections Law to March 2014. Besides inspections reform, the Draft Strategy tackles a number of issues relevant for the business environment, including improvements in the efficiency of public administration, development, coordination and implementation of public policies, strengthening public finance (assessment of capital investments, program budgeting, budget implementation, public finance monitoring, etc.) and public-private partnerships and concessions.

Under **Objective 1, Task 2, "Remove or reduce quasi fiscal burdens to businesses,"** BEP and its partners continued to advocate for further reductions of para-fiscal burdens. At a roundtable on land use charges organized by the Serbian Association of Managers and attended by more than 70 representatives of local authorities and businesses, Ms. Milica Bisic, advisor to the Minister of Finance and Economy, announced that the land use charge would not be collected after December 31, 2013 and that it would not be replaced by another para-fiscal charge (such as a municipal charge, as provided for in earlier legislation). With more than 14.5 billion dinars collected in 2012, the land use charge is the single most important para-fiscal imposition on businesses and one of the most arbitrary forms of taxation currently used in Serbia. The Ministry of Finance and Economy intends to compensate local authorities for losses incurred due to the abolishment of this charge by increasing property tax rates, as this tax is viewed by businesses as much more fairly distributed between physical persons and businesses and much more predictable than the land use charge. BEP recommended this change in its Study on Para-fiscal Charges and other documents, and has provided limited technical assistance to the Ministry of Finance and Economy for amending the Law on Property Taxes. In Quarter 3 of 2013, BEP will release an RFA for a grant to monitor para-fiscal burdens reforms. BEP also expects that the draft Law on Charges will be released by the MoFE during the third quarter, and BEP is prepared to help the Ministry vet the draft.

Under **Objective 1, Task 3, "Assist Implementation of the Law on Enforcement,"** BEP continued its training program for enforcement officers. On May 21 and 22, BEP, in cooperation with the Ministry of Justice and State Administration (MoJSA), the Chamber of Enforcement Officers (the Chamber) and GIZ Legal Reform Project, organized training sessions on the practical aspects of the enforcement officer profession, with a focus on the supervision of enforcement officers. This training was a continuation of previous training for enforcement officers offered under the auspices of BEP,

and was aimed at further supporting the implementation of the Law on Enforcement and Security. The trainers and lecturers were prominent local and international experts and practitioners from the public (judges, representatives of the MoJSA and the National Bank of Serbia) and the private sectors (enforcement officers, attorneys-at-law, and representatives of the Chamber). The first day was dedicated to newly appointed enforcement officers, with 29 attendees. The second day gathered around 30 participants for advanced training aimed at further development of the already operating enforcement officers. The trainers and lecturers provided practical advice and guidelines to enforcement officers on how to successfully run their business and conduct enforcement efficiently, including labor, taxation accounting, and business planning and office management issues. The training was delivered through practical guidelines, exercises, discussions, and question and answers sessions. The Supervisory Workshop addressed one of the most important topics – control and supervision of the enforcement officer profession – which in Serbia is the responsibility of MoJSA, the Chamber and courts. The training will result in greater capacity of enforcement officers, which should reflect on the better resolution of unsolved creditor-debtor relationships, greater financial discipline, increased skills of enforcement officers, and prevention of possible violations.

Chamber of Enforcement Officers Recognizes BEP for Successful Cooperation in Enforcement Reform

At the Annual Meeting of the Chamber of Enforcement Officers, its President awarded USAID, GIZ and the Ministry of Justice and State Administration (MoJSA) for technical support and successful cooperation in implementing the Law on Enforcement and Security. USAID was recognized for its continuous support in reforming enforcement of judgments and contracts in Serbia. This reform is one of the most important reforms in Serbia, since poor enforcement of contracts creates persistent legal and commercial uncertainty and undermines the effects and results of all most other reform efforts. It also prevents improvements to lending conditions and constrains the availability of financing for businesses, in particular SMEs. The meeting was opened by Assistant Minister Blagojevic and Mr. Leon Netten, President of the International Association of Enforcement Officers, of which the Serbian Chamber is now a member. There are currently some 80 appointed enforcement officers; there are enough enforcement officers now in the City of Belgrade, but not enough to enable efficient enforcement throughout Serbia. The Chamber and MoJSA will continue to offer examinations and appoint successful candidates, and the new IPA 2013 Project (to be implemented in the fall) should help increase outreach to professionals and the general public.

Under **Objective 1, Task 4, "Streamline Construction Permitting,"** BEP's draft concept for construction permitting was accepted by the GoS. Responding to a request by Government of Serbia (GoS) officials to assist with preparing the new framework for expediting construction permitting, BEP prepared a Draft Concept for Construction Permitting Reform. This Concept is based on the input of top international and local experts, as well as extensive consultations with a broad group of stakeholders, including representatives of different GoS agencies, the business community, local governments, professional associations and academia. The final version of the Concept was accepted by the GoS, and BEP is drafting the necessary legislation to accomplish the Concept. BEP expects the new legal framework for construction permitting to be adopted by the end of 2013, which should reduce the duration of construction permitting procedures from 269 to 35 days with only one institution – a one stop shop at the municipal level – in charge of leading the whole process and communicating with investors.

During the Second Quarter of 2013, several significant activities and events helped move these important reforms forward:

- BEP began development of new legislation to streamline construction permitting, in line with the project's previous documents: "The Assessment of Constraints to Construction Permits in Serbia" and "A Roadmap for the Government of Serbia to Streamline Construction Permits." The legislative drafting is being conducted by BEP pursuant to agreement with the Government of Serbia. The drafting team includes BEP grantee MP & Associates law firm, and international expert Andrew Minturn from New Zealand. The team has had – and will continue to have – frequent meetings with a consultative group of Government of Serbia experts and well-known Serbian legal, planning, and engineering experts who are BEP consultants. BEP developed a detailed Concept for the Improved Construction Permits System, including a description of a reformed institutional setup, legal responsibilities and process flows, and a legal framework for implementation of that concept.

- BEP built consensus on the way forward to improve construction permitting. BEP had numerous meetings of the drafting group (the BEP team that is drafting the legislation), the expert group (the drafting team plus several well-known experts retained by BEP), and the consultative group (representatives of the Ministry of Construction and Urban Planning, Government Rapid Response Office, City of Belgrade, Standing Conference of Towns and Municipalities, business and investor representatives, and lawyers, engineers and other professionals. During the meetings participants raised many issues related to spatial and urban planning, construction permitting, technical norms and standards, title issues, land management, the institutional framework, fees and charges, technical and inspection oversight, and liability and guarantees. The discussions led to conclusions that provided clear direction for the Concept. Next, BEP facilitated an expert group meeting to finalize the draft of the Construction Permitting Reform Concept. The meeting brought together planning and construction stakeholders that need to buy-in to the Concept, including representatives from the Ministry of Construction and Urban Planning (headed by State Secretary Milan Miljevic), the Government of Serbia's Office for Rapid Response, City of Belgrade, Standing Conference of Towns and Municipalities, and business, as well as consultants and spatial planners.
- Subsequently, Aleksandra Damnjanovic, Assistant Minister in charge of construction with the Ministry of Urban Planning and Construction, met the BEP construction permitting team to discuss the Construction Permitting Reform Concept prepared by BEP. She voiced support for all the key approaches to reform laid down in the Concept and expressed her hope that BEP would take the Concept a step further and turn it into a draft new Law on Planning and Construction. Ms. Damnjanovic not only recognized the quality of work done by BEP in this area, but also told the BEP team that in she relied greatly in her daily work on the findings and recommendations made in BEP's landmark diagnostics study: *Assessment of Constraints to Construction Permits in Serbia*. BEP then held meetings with several key stakeholders – such as the Chamber of Engineers, SCTM (national association of local governments), the National Road Construction and Management Company and the Ministry of Interior's Fire Safety Department – to ensure that they supported the Construction Permitting Reform Concept. These meetings achieved agreement on the Concept for Construction Permit Reform, and expanded the support base for the reforms. Finally, BEP obtained stakeholders final comments on the Concept before its public release. Some 40 representatives of local governments and businesses joined a NALED-organized roundtable to discuss the Concept for Reforming Construction Permitting drafted by BEP. The participants expressed support for the content of the Concept (insistence on transparency and accountability; transfer of powers from administration to licensed engineers; and streamlining investors' interaction with administration through One-Stop-Shops). Participants also praised the process BEP followed in outlining the necessary reforms (e.g., broad consultations with stakeholders; building consensus on reform concept before engaging in law drafting; plan not to limit scope to one law, but to tackle multiple questionable laws and bylaws). Participants made several useful comments, with some coming well-prepared and providing written materials to BEP.
- Velimir Ilic, Minister of Construction and Urban Planning, opened the presentation of BEP's Concept for Construction Permitting Reform on June 27, by saying that his Ministry "...fully supported the recommendations put forward in USAID's draft." He also thanked USAID for all the support provided to the Ministry in defining proposals for reform. Minister Ilic announced that he would initiate high level political consultations with the aim of securing full stakeholder support for implementing reforms in accordance with BEP's Concept. 27 accredited media outlets attended the event, and the event was subsequently extensively covered by all national media. Minister Ilic's public statement came a day after a meeting Mr. Ilic had with USAID and BEP representatives regarding future cooperation in reforming construction permitting. BEP is currently drafting the most-needed legislative and regulatory changes that should lead to more efficient construction permitting.



Under **Objective 1, Task 5, "Reduce the Employing Workers Burden,"** BEP's work with the Social Partners has led to agreement on some of the Labor Law Amendments and has narrowed the issues to be discussed by the Economic and Social Council working group on Labor Law reforms. BEP held a series of thematic meetings on Labor Law reforms during the last five months. The meetings included the Social Partners (labor unions, employers association, government), as well as representatives of other business associations, NGOs, and other stakeholders and experts.

On April 25, BEP organized and moderated a thematic discussion between representatives of the Government of Serbia (GoS), business associations, and trade unions. This discussion covered the issues of wage calculation, minimum wage and collective bargaining. It was the last of a series of BEP-led discussions on labor law reform that provided the basis for development of a new Labor Law by the Ministry of Labor and Social Policy working group. BEP consultant Professor Misa Arandarenko of Belgrade University's Faculty of Economics provided an overview of current regulations and problems regarding wage calculation and minimum wage. Problems include high taxes on the lowest wages, the imbalance of power in negotiations on the minimum wage, and the influence of excessive public sector wages on private sector wages. Professor Arandarenko presented some solutions that inspired lively discussion between the stakeholders, including increasing non-taxable income to the level of the minimum wage and abolishing the minimum base for social security contributions. BEP Chief of Party Joe Lowther gave a presentation on the problems in collective bargaining in Serbia and led lengthy discussions on wage and collective bargaining issues. The discussions between the stakeholders ended in a definition of issues relating to wage calculations, wage payment procedures, procedures to set minimum wage, and collective bargaining representativeness that need to be carefully considered by the working group. BEP will continue to help the Ministry of Labor and Social Policy to gain the agreement of trade unions and employers on the remaining issues relating to a new Labor Law, which the GoS has pledged to complete by the end of 2013.

Serbia's Major Trade Union Confederations Back Reforms, Including Labor Law Reforms

In a meeting with GoS cabinet ministers on June 22, trade union leaders expressed support for the the Government's program for reform of the public sector. The program includes changes to the labor law that were agreed upon by the social partners (GoS, trade unions, employers) during six BEP-facilitated thematic discussions held this Spring: removing obstacles for hiring and firing, liberalizing temporary employment, changing the wage calculation and severance pay systems, and collective bargaining reform. As stated by SSSS trade union confederation chairman Ljubisav Orbovic after the June 22 meeting, the issues were narrowed during the BEP-facilitated discussions and the main remaining issues to be negotiated are flexible work hours and fixed-term employment. The program was presented on June 21 by Minister of Finance and Economy Mladjan Dinkic. Other measures announced by Minister Dinkic included: cuts in government spending; zero tolerance for tax evasion; tackling the shadow economy; greater efficiency of public enterprises through structural reforms; reforms of Labor Law; and improvement of construction permitting. BEP has provided the GoS with analysis, guidance, and technical assistance in fiscal policy, reducing the shadow economy, labor law reforms, and streamlining construction permits. BEP has also urged the Government and business associations to focus on how the reforms will increase employment, and Minister Dinkic stated that the aim of the changes is to increase employment and investment and to maintain protection of workers' rights.

BEP also continued to help business associations develop joint positions on Labor Law reforms and coordinate communications and advocacy. On May 24, under BEP's chairmanship and coordination, the Labor Policy Reform Group (LPRG) held its seventh meeting. The Employers' Association, the sole business representative on the GoS Working Group tasked with drafting the new Labor Law, presented the status of Labor Law amendments and the work plan of the Working Group. At the meeting, BEP presented conclusions and suggestions from the thematic discussions between the social partners that BEP organized in the first quarter of 2013. BEP also distributed a draft of concrete propositions for improving the Labor Law (changes to articles in the Labor Law included) for review. The LPRG also agreed on having a joint outreach campaign that will be defined in detail by LPRG member PR experts at the next meeting. In order to establish an environment conducive to greater employment and new investment, members of the Labor Policy Reform Group will continue to jointly advocate for labor reform, and will prepare the necessary analyses and concrete recommendations to be used by the ministerial working group.

Objective 2, Task 1, "Improve Public Private Dialogue" was furthered by several important discussions organized by the project that involved the public and private sectors, including the dialogue on reform of inspections, construction permitting, and labor law discussed above. BEP also conducted three series of roundtables: one on business environment reforms, one on public-private partnerships (PPPs), and one on access to finance. In addition, BEP and its partners organized several roundtables in Belgrade on a variety of topics. The roundtables during the quarter included

- Roundtable in Novi Pazar –"Business Environment in Serbia- Status of Reforms and Business Priorities, April 3, 2013
- Roundtable in Kragujevac Regional Chamber of Commerce –"Business Environment in Serbia- Status of Reforms and Business Priorities, April 8, 2013
- Roundtable in Vranje–"Business Environment in Serbia- Status of Reforms and Business Priorities, April 9, 2013
- A2F Caravan, Roundtable in Sabac, April 24, 2013
- Presentation of the Report "Agencies in Serbia analyses and recommendations for reform" April, 19,2013
- Meeting and discussion with international development institutions with STTA Minturn (WB, EU, GIZ, UN, etc.), April, 22, 2013
- Workshop on Construction Permits (Andrew Minturn), April 23, 2013
- Meeting with BAs on Inspections (joint letter), April, 23, 2013
- A2F Caravan, Roundtable in Zajecar, April 24, 2013
- A2F Caravan, Roundtable in Zrenjanin, April 25, 2013

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- Labor event: "Labor Policy and Employment Reform: Calculation of Wages, Minimum Wage and Collective Bargaining"- Fifth Thematic Discussion, April, 25 2013
 - PPP Roadshow –Sabac, April, 25, 2013
 - A2F Caravan, Roundtable in Krusevac, May 22, 2013
 - PPP Roadshow Vrnjacka Banja, May 30, 2013
 - Expert Discussion on Concept of Construction Permitting Reform, June, 6, 2013
 - A2F Caravan, Roundtable in Subotica, June 11, 2013
 - GeoBuild Presentation STTA Minturn, June,14, 2013
 - Presentation and Discussion on Inspections Reform – AmCham, June18, 2013
 - A2F Caravan, Roundtable in Nis, June 20, 2013
 - NALED and reps. of local authorities on the Concept of the Construction Permits Reform, June 20, 2013
 - Presentation of shadow economy to Working Group for combating shadow economy- Serbian Chamber of Commerce, June 26, 2013
 - Presentation of the concept for the new Law on planning and construction, June 27, 2013

In addition, BEP initiated public-private dialogue on "Deagencification" in Serbia. On April 19, BEP and the Balkan Center for Regulatory Reform (BCRR) presented the key findings of the draft Study on State Institutions in Serbia, followed by a lively discussion on steps needed to rationalize state institutions (agencies, offices, and other institutions) and improve their efficiency. The study analyzes the current situation and offers recommendations for an improved regulatory and institutional framework that will save time and money – both for businesses and the Government. The study also demonstrates how "agencification" (the recent significant increase in the number of state institutions) took place, and how "deagencification" (a reduction in the number of state institutions) could take place. The study provides a methodology for "deagencification" that provides criteria to analyze effectiveness and cost. The study also presents best international practices, including examples from Croatia's efforts to streamline its government organization.

Under **Objective 3, Task 1, "Improve Quality and Quantity of Legislative and Regulatory Reforms,"** BEP's recommendations for more transparency and inclusiveness of the legislative process were partially adopted through Amendments of the Rules of Procedure of the Government of Serbia. The Amendments, adopted on March 28, introduce improvements of regulatory process, opening doors for public discussions of bylaws, and imposing mandatory public discussion for all new laws, unless the line committee of the Government of Serbia (GoS) decides otherwise. The Amendments also prescribe that the public discussion has to commence with publishing of the draft regulation on the web page of the line ministry and on the GoS's e-Administration web site, which enables businesses and citizens to access all drafts at a single place. In addition, the publishing of reports on public discussions' results is mandatory for all draft laws. Strengthening the role of the Regulatory Reform and Regulatory Impact Assessment Office (RRO) is one of the most significant changes. The RRO is now entitled to review all Regulatory Impact Assessment (RIA) prepared by line ministries on all draft laws. If a line ministry's assessment is that RIA is not needed, the RRO needs to agree with the ministry's argumentation for the particular law. Though falling short of accepting all BEP's recommendations for improvement of the legislative system, in particular recommendations related to the mandatory consultations with the stakeholders in the process of drafting the law, the adopted changes will significantly improve the regulatory-making framework, resulting in higher quality of the business environment legislation in Serbia.

Under **Objective 4, Task 1, "Finalize Legal Framework for PPPs,"** BEP completed development of the Draft Value-for-Money Methodology (VfMM) and submitted it to the Public-Private Partnership (PPP) Commission. In order to support the completion of the Serbian PPP framework and facilitate entry into and implementation of PPP arrangements, BEP engaged an experienced

international consultant to work with BEP to develop the Draft VfMM. The Draft VfMM was completed and submitted to the PPP Commission in the form and with the content corresponding to those of general documents that Serbian public bodies adopt. The next step is for the PPP Commission to review and approve this methodological document. The Law on PPP and Concessions requires PPP projects to contain business plans, which in turn must include value-for-money analysis in accordance with the VfMM. The PPP Commission is tasked with developing the VfMM, the most important methodological document envisaged by the Law on PPP and Concessions. The VfMM contains economic, financial and technical guidelines for sound and thorough development and implementation of PPP projects, serving as set of tools for decision-making purposes. Using the VfMM provides economic, financial and technical guidelines for public sector decision-makers to determine which investment model for designing and constructing public buildings or providing services of public interest best suits their interests.

Under **Objective 4, Task 2, "Build Interest and Capacities of Public and Private Partners to Engage in PPPs,"** BEP continue to educate stakeholders on Public-Private Partnerships (PPPs). A training event was held on April 25, at the Šabac Municipal Building, in cooperation with the Standing Conference of Towns and Municipalities (SCTM). A BEP expert participated in the delivery of training on PPPs. This event included a presentation of the Manual on Implementation of PPPs and Serbian and international PPP framework and practice, and related discussion. The BEP expert made a presentation to representatives of local authorities, public institutions, public enterprises, the municipal advocate general, private investors, banks, financial and legal practitioners that covered the background, economic and legal context, content and importance of the Draft Value-for-Money Methodology (VfMM), the basis for developing a quality PPP project. The BEP expert drew on practical examples from local, regional and international PPP arrangements to present how PPP models bring savings in comparison to traditional construction and provisions of services ("classic" public procurement), and how risks related to PPP projects may be allocated. The BEP expert answered numerous questions about VfMM and PPP framework and practice. Local authorities in Serbia have many ideas for developing local infrastructure and services through public-private partnerships, but one of the main obstacles for implementing such projects is the lack of capacities and expertise at the local level. In 2012, Šabac developed and submitted a PPP project proposal that was approved by the Commission for PPPs

On May 30, a BEP expert delivered an interactive training on PPPs in Vrnjačka Banja in cooperation with the Standing Conference of Towns and Municipalities (SCTM). This training session included presentations of the Manual on Implementing PPPs and Serbian and international PPP frameworks and practices. The audience included representatives of local authorities, public institutions, public enterprises, municipal advocates-general, private investors, companies and local business associations, banks, and financial and legal advisers. The BEP expert presented examples of local, regional and international PPP experiences to show how PPP models can provide savings in comparison to traditional construction and provision of public services, and how risks of PPP projects can be allocated.

Component 2

BEP's activities under Objective 1, Task 1, "Capacity building assistance to the Fiscal Council and Improvements to fiscal responsibility," included development of fiscal multipliers that will be used for evaluating the impact of fiscal consolidation on economic recovery. The Fiscal Council will use the fiscal multipliers to run simulations of the impact of fiscal consolidation on economic growth. The fiscal multipliers include estimates for the group of Central and Eastern Europe (CEE), including Serbia. Assessments obtained for a group of similar countries (small open economies with flexible exchange regime, highly dependent on EU economic developments) are statistically more reliable than the assessments based only on data for Serbia. The available time series for Serbia are still short, and in that short period of time the statistical methodology has often been altered leading to unreliable statistical estimates.

Pursuant to Objective 1, Task 2, "Improvements to MoF Fiscal Analysis and Strategy," BEP helped the Ministry of Finance Budget Department Develop Fiscal Impact Assessment (FIA)

Methodology. A BEP consultant has been providing technical assistance to develop an FIA template and methodology, which will enable the Budget Department to assess fiscal burdens of proposed legislation. Serbia's high fiscal deficit and public debt jeopardize economic stability and prospects for development. Amendments and supplements to the Budget System Law in 2009 and 2012 introduced new principles into the Serbian fiscal system aimed at facilitating fiscal and financial stability, transparency, and predictability. Pursuant to the Budget System Law, the explanation of a law or other regulation submitted to the Government must contain an estimate of its expected impact on the budget. The estimate must contain information on whether the proposed law or other regulation will increase or decrease budget revenues/proceeds or expenditures/outflows for the current budget year and two following fiscal years.

Pursuant to **Objective 1, Task 3 "Assistance to the GoS and Parliament to Improving Budget Coordination and Performance Management,"** BEP organized events with Parliament and a study tour in the U.S. for the key players in budget process reforms. BEP continued assistance to the Parliament Finance Committee to improve its participation in the budgeting process.

The study tour will take place in Washington, DC during the week of July 8. It is designed to help the participants to become more effective in developing and overseeing the budget, using a more sophisticated and transparent budgeting process, including introduction of program budgeting. The study tour is organized for representatives of the Finance Committee (4 MPs), Ministry of Finance Budget Department (Head of the Department and Head of Group for Evaluation of Capital Projects) and Fiscal Council (1 member). It will allow key officials to learn more about how the executive and legislative branches of government can work together, provide checks and balances, and exchange information. Improved functioning at these levels of Government is essential for ensuring that budgetary reforms are effective and that stakeholder interests are aligned and that reforms can be sustained. The study tour will also allow officials from the Ministry, who are coordinating these reforms, to learn how to apply performance oriented budgeting. The meetings will provide context to the technical assistance that USAID BEP has provided so far to the participants and their colleagues. The participants will learn best practices at relevant US institutions (the Office of Management and Budget; Congressional Budget Office, House and Senate Committees on the Budget, Appropriations Committees, and Finance Committee, Department of the Treasury and U.S. Government Accountability Office), providing an overview of key topics.

Under **Objective 1, Task 4, "Assist the MoFE Budget Department to Develop Capacity for Improved Transparency and Program Budgeting,"** BEP helped the Budget Department reach some key milestones for implementation of program budgeting:

- BEP helped the Budget Department implement program budgeting by holding workshops with budget users. On April 22, BEP helped the Budget Department (BD) of the Ministry of Finance and Economy to organize the first meeting of the intra-governmental working group for implementation of program budgeting (PB). BEP helped set the agenda, provided technical input, and facilitated the discussion. During the meeting, the BD presented its ambitious plan to finalize PB methodology (with BEP support) by the end of June, and to subsequently work with budget users to apply the methodology to develop program-based financial plans. The following topics were discussed: ways of linking PB and strategic planning; synchronizing calendars; and the system used by the Ministry of Defense for planning and budgeting. The working group includes the BD, representatives of line ministries and agencies (including pilot PB ministries), provincial government, local authorities, Standing Conference of Towns and Municipalities, National Assembly, General Secretariat of the Government of Serbia, and BEP's advisor. As recommended by BEP, the working group was formed to resolve strategic and operational issues related to PB methodology and implementation, and build government-wide understanding for and ownership of reforms. On May 17, BEP facilitated the second meeting of the Intra-governmental Work Group for

To provide relevant technical assistance to the MoFE Budget Department in developing a program budget framework and methodological, BEP engaged Mr. Jan Marusinec, the former Head of Budget Department in the Slovakian Ministry of Finance. Mr. Marusinec has extensive hands-on experience in introduction of program budgeting and performance indicators.

Implementation of Program Budgeting. The BEP team, together with an international consultant, supported the Budget Department (BD) of the Ministry of Finance and Economy in setting the agenda, providing technical input, and facilitating discussion at the second meeting of the intra-governmental working group for implementation of the program budget. The draft PB methodology, developed by BEP team, was the topic of the meeting. The issues discussed included suitability of the proposed framework from the perspective of budget users, options for ensuring uniformity of the program budget structure at central and provincial level (Vojvodina budget) and among municipal budgets, as well as EU programming requirements. The draft methodology was, in general, well received by working group members, and will be further developed to include some of the conclusions from this meeting.

- On May 22, BEP met with officers of the Serbian European Integration Office (SEIO) and a GIZ consultant working on the new programming methodology for EU funds to ensure that the program budgeting methodology meets IPA programming requirements. It was concluded that the proposed methodology was aligned well with IPA programming guidelines. The new budgeting approach will facilitate sectoral reporting on spending and achievements as required by the EC, and appropriately track the realization of IPA projects.
- BEP proposed Program Budget Structure for Local Self-Governments that enables benchmarking and performance evaluation. Between May 27 and May 30, BEP team, supported by an international consultant, continued assisting the Budget Department of the Ministry of Finance and Economy (MFE) in developing program budgeting methodology, which includes instructions for program budgeting development at the local level. The team met with representatives from selected municipalities and the Standing Conference of Towns and Municipalities – the organization that will support the implementation of program budgeting at the municipal level. The meeting focused on a list of common programs and program-linked performance indicators developed by BEP based on municipalities' legal mandates. The idea is to ensure the uniformity of municipal programs while giving local self governments flexibility in defining lower-level programming elements (projects and activities) and specific goals of program implementation. Such a structure would provide for performance evaluation and benchmarking among municipalities, as well as facilitate analyses of expenditures and impacts in areas financed from both local and central budgets. BEP's proposal was well received and has been included in the second draft of the program budgeting methodology.

Program Budgeting: A Way to Improve the Budget Process, Government Spending, and Government Efficiency

The adoption of program budgeting is a practice that has been growing around the world since the 1960's – today about two-thirds of the world have some form of performance-oriented budgeting in place.

Program budgeting is an approach to budgeting that allows expenditures and capital investments to be allocated according to intended use or function. In presenting expenditures this way, the government can better assess how money is spent and whether it is spent in line with high level strategic goals or performance requirements.

It has several significant benefits compared to traditional-line item budgeting because it helps to ensure that budgets are in line with government policies and priorities. Some of the benefits include the following:

- Provides a uniform framework for expenditure prioritization;
- Allows the government to identify not only inefficient spending, but to also under-performing areas that need require more resources;
- Helps to improve the quality and outcome of government services by enabling "value-for-money" assessments
- Improves governmental fiscal coordination, which is essential for achieving nationwide social and economic goals
- Offers a budget that is more transparent and understandable to citizens

These benefits are even more relevant today in the midst of economic challenges and tightening government budgets. Program budgeting helps government defend difficult fiscal decisions. For the finance minister it can be an effective tool to target budget cuts, but also can steer the budget discussion so that it is more fact based instead of just focusing on who gets more money.

The Budget System Law envisages full budget coverage by programs (including municipalities) in 2015 budget – that means it affects the budget in preparation from early 2014. Program budgeting methodology has been developed, the IT system should be ready by then, and the Budget Department is ready to provide guidance and support line ministries and other budget users during the process of program budgeting introduction.

USAID Business Enabling Project (BEP), which has been providing a range of support to improve business conditions and fiscal health, is supporting the Budget Department in the preparation stage and adoption of program budgeting by budget users at the central level. The Standing Conference of Towns and Municipalities and IPA funded project will provide assistance to municipalities in adopting program budgeting.

Under **Objective 2, Task 1, "Improving conditions for public investment in and trading of government debt,"** BEP organized and conducted a study tour to Italy for PDA officials and staff. The study tour was designed to provide the Serbian Public Debt Administration (PDA) with training and practical experience with one of the best-developed public debt management systems in the EU. The study tour was the natural next step in USAID BEP's integrated training and capacity-building assistance provided to the PDA that has so far entailed (1) organizational development and capacity assistance to strengthen its middle- and back-offices in line with international standards; (2) a series of training and capacity-building events in debt management strategy, risk management, planning and operations; and (3) improvement of debt reporting system (Debt Stock Report). The Study Tour will further help the PDA make substantial improvements in the quality of its debt reporting and analysis, application of risk management to PDA work, and progress in overcoming constraints to the development of primary and secondary markets for the government debt. The first three days of the four-day study tour were devoted to presentations by senior Italian MEF staff, while the fourth day entailed discussions of practical issues identified during the presentations. As a result of this training, the PDA staff gained an overall understanding of new trends and challenges in public debt management in developing countries. This will enable the PDA to (1) review the debt portfolio and create a sound debt management strategy, and (2) apply transferred knowledge into creating the appropriate risk management framework.

Under **Objective 2, Task 2, "Assistance to Improve Debt Management Systems, Analysis and Capacity,"** BEP helped the Public Debt Administration (PDA) in Preparing a Debt Sustainability Assessment (DSA) Report. The PDA's Director, Deputy Director, Middle and Front Office staff agreed on the form of the PDA's first DSA report ever, as suggested by BEP at the kick-off working meeting for BEP's training program for DSA. The goal of the training is to enable the PDA's key staff to independently undertake DSA reporting in line with BEP's previously delivered methodology, and draft the report in line with the adopted structure. The training is envisaged as on-the-job-assistance with a goal to introduce the DSA report into the PDA's regular coverage. This activity is expected to be completed in July.

Under **Objective 3, "Technical Assistance to Advance the GoS Macroeconomic Strategy"**, BEP continued to publicize the results of its study on the shadow economy. The Study, entitled "The Shadow Economy in Serbia: New findings and recommendations for Reform" was presented in Parliament. Continuing its support for the Committee on Finance, State Budget and Control of Public Spending (the Committee) and the National Assembly Support Staff, BEP organised a workshop for MPs on the shadow economy. The workshop was very well-attended, with about 50 MPs and five support staff attending. The workshop increased MPs' awareness of the risks and costs to society caused by undeclared work and other shadow activities, as well as the necessity of urgent reforms to combat the shadow economy. Vesna Kovac, Committee Chairperson and Deputy Speaker of the National Assembly stressed that the shadow economy was one of the biggest political and economic challenges the Serbian economy faces because it was an obstacle to the development of the economic sector and a functioning market economy. One of the authors of the study presented the main findings and recommendations in the areas of fiscal policy, labour market, financial sector and business conditions. The presentation was covered by major media outlets (such as RTS, Prva TV, Beta, Tanjug), which generated over 30 reports in the media.

BEP again presented its Study on the Shadow Economy at the Danas Conference Center at the Hyatt Hotel on June 19. A panel discussion entitled "The informal economy and the budget deficit in Serbia" involved representatives of the Ministry of Labour and Social Policy, the Pension Fund, AmCham Serbia, and the Association of Small and Medium-Sized Enterprises. Zoran Milosevic, Assistant Minister of Labor and Social Policy of Serbia, said that long-term sustainability required job creation, increasing the number of people with social insurance, create jobs, and reducing the shadow economy. Dragana Kalinović, Director of the Pension Fund, prepared a special presentation on tax policy and the shadow economy in Serbia. Amalija Pavic, AmCham's Deputy Executive Director, said that over the last two years even large companies had been complaining about unfair competition, adding that according to the BEP study, 85 percent of companies were faced with unfair competition from the informal economy. One of the authors of the study presented findings and summarized measures to reduce the extent of the shadow economy and improve conditions for doing business.

BEP Study on "Shadow Economy in Serbia: New Findings and Recommendations for Reform" Continues to Generate Media Interest.

BEP has identified over 100 articles and features in the media dealing with the importance of tackling the informal economy in Serbia - at least one article has been published each day since the study was first made public, in March 2013. Most recently, daily newspaper Blic published an article quoting the results of the study, pointing out that the participation of informal economy in GDP is 15% higher than regional average and announcing strengthening tax authorities' supervision, as recommended in the study. The issue of the shadow economy in Serbia was already known, but media reports about measures necessary to combat it began to appear in the media on a daily basis only after the study was presented. The informal economy is one of the greatest challenges faced by businesses: it causes tax avoidance, market distortion, unfair competition and inefficient resource allocation. BEP's communications strategy is to raise the public's awareness of the real extent and impact of the shadow economy on economic activity in Serbia, and prompt the Government to make the necessary reforms.

Component 3

Under **Objective 1, Task 1, "Assistance to Build Supervision Capacity of Securities Commission,"** BEP continued its efforts to obtain USAID approval of a grant to provide the Commission with software and support for a document management and public registry system. BEP and USAID are attempting to obtain a waiver of the source and origin requirements to enable procurement from a Romanian vendor, since no Serbia vendor can provide the services and procurement from a U.S. vendor would cost an amount well in excess of the budget for this grant and would not provide sufficient services.

Under **Objective 1 Task 3 "Improve Capital Market Legislation,"** BEP continues to participate in the Joint Working Group on Harmonization of Securities Regulation. The Working Group is made up of representatives of all relevant government entities, industry, market participants and the donor community. More than 20 laws have been identified in the field of the capital markets and the securities industry: most of them were developed individually, and in some cases are inconsistent with

each other. BEP has already reviewed the Capital Market Law, Investment Fund Law, and Company Law in order to identify inconsistencies and contradictions in these pieces of legislation. BEP reviewed the Working Group's amendments to these laws and the Law on Takeover, Law on Enforcement and Security, Law on Bankruptcy Procedure, and the Law on Registered Charges on Movable Assets in order to ensure that the changes are in line with best EU and international practice. The next working group meeting is scheduled for mid-June. The working group is to finish its work by the summer of 2013, so that all the proposed amendments can be adopted in the fall.

BEP is supporting the MoFE's Working Group for drafting the Draft Venture Capital Companies (Funds) Law. BEP's expert was appointed to be a member of this Working Group. On May 20, the first session of the Working Group was held. This session gathered the representatives of the public and private sector: the MoFE, the Ministry of Science and Technological Development, the EU Integrated Innovation project (IISP), the Securities Commission, the Belgrade Stock Exchange, the National Bank of Serbia, the Agency for Export Insurance and Finance, the Business Registers Agency, the Association of Serbian Banks, the Serbian Business Angels Network, the Serbian Private Equity Association, the Serbian Chamber of Commerce and Industry, as well as the representatives of the financial sector. During the first session of the Working Group members discussed: the best comparative, international and regional regulations and practice; facilitation of the investments in SMEs that are non-public companies in terms of capital market; new definition of the SMEs in the Draft Accounting Law; values of investments in a venture capital fund (company), and of a venture capital fund (company) in a SME; minimal regulatory capital of a venture capital fund (company); minimal number of investors; notion and features of mezzanine finance; supervision over the venture capital funds (companies); and relations between venture capital and state aid. This law-making activity represents a good example of cooperation and synergy between the BEP and EU IISP projects.

Under **Objective 2 Task 1 "Assistance in Development of Legal Framework for Commodity Exchange,"** BEP continued to support the Commodity Exchange Working Group as it finalizes the Draft of Commodity Exchange Law. BEP organized a two-day Workshop for Commodity Exchange Law Working Group on May 17 and 18 in Vršac. During the Workshop, the working group finalized the drafts of most chapters of the Law, each of which was thoroughly discussed at the sessions. BEP consultant Robert Zwirb, provided technical input and advice. . The new Law will pave the way for developing both spot and derivatives markets, as well as adequate supervision through the Securities Commission. Special attention was devoted to assessing potential market abuses in order to create a sound derivatives market. The working group will continue its work in finalizing the draft Commodity Exchange Law in the weeks to come. The first public discussions are envisaged to start in late June or early July 2013. The Law will provide for regulation and an institutional framework that will enable commodity exchanges to serve a variety of functions related to risk management, finance and marketing. The Novi Sad Commodity Exchange (PBNS) and the Belgrade Stock Exchange have expressed interest in providing commodities exchange services.

BEP's assistance to the Commodity Exchange Working Group has included technical assistance from BEP consultant Robert Zwirb. Mr. Zwirb worked as Legal Counsel to Commissioner and Chairman of the Commodity Futures Trading Commission (CFTC) for almost 30 years. He will continue to support the finalization of the first draft and share his extensive experience in commodities law and regulatory and enforcement matters.

Under **Objective 3, Task 1, "Assistance to Identify and Develop the key Regulatory Criteria for Developing a Government Debt Market,"** as discussed above under Component 2, BEP and the Public Debt Administration (PDA) visited the Italian Ministry of Economy and Finance to enable the Serbian Public Debt Administration (PDA) gain training and practical experience with one of the best-developed public debt management systems in the EU.

Under **Objective 4, Task 1, "Assistance in Development and Implementation of Access to Finance related Laws,"** BEP provided assistance to develop legislation to increase access to factoring and leasing.

The Law on Factoring was adopted by the GoS and sent to the National Assembly, where it is

scheduled to be enacted in early July. In the meantime, BEP participated in the Sub-Regional Conference on Factoring in SEE organized by the International Factors Group (IFG) on April 10 in Belgrade. This high-level conference hosted the principal international factoring institutions, who all agreed that the lack of a unified regulatory treatment was an impediment to the growth of the industry. They discussed the process of drafting the Serbian Factoring Law and underlined the transparency and inclusiveness of this process as an example of best practice. The IFG also announced that they would soon prepare either a “model law” or an “industry Directive” in order to support the further unification and standardization of factoring regulation and practice in SEE. The IFG is starting the South East European (SEE) Initiative, a Sub-Chapter of the IFG Central and East European Chapter, which will focus on promoting and supporting factoring companies in the SEE region by bringing together all market players and supporting the necessary regulatory initiatives. The primary emphasis of the IFG’s SEE Sub-Chapter is to bring together factoring companies from Albania, Bulgaria, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Kosovo, Serbia, Slovenia and Romania.

On April 9, BEP organized a roundtable with the leasing industry in cooperation with the Association of Leasing Companies of Serbia (ALCS). This is a continuation of BEP’s efforts to improve the non-banking financial sector in Serbia, which has already resulted in the drafting of the Factoring Law, which is to be adopted in May 2013. The main goal of this event was to present BEP’s and ALCS’s activities in improving the legal framework for non-banking financial institutions, with special focus on the leasing industry. BEP discussed the regulatory constraints that it identified, while the leasing industry pointed out that the key issues faced by non-banking institutions in Serbia were over-regulation and supervision in a manner identical as that applied to deposit-taking institutions. This makes it difficult for leasing companies to develop innovative financial products for SMEs and take a pro-active role in economic growth. In conclusion, BEP, ALCS and individual leasing companies agreed to further coordinate their efforts to improve leasing-related regulation, including developing a comparative review of the leasing regulatory environment in Serbia, the region and the EU to be provided by BEP’s consultant. BEP and ALCS also agreed on joint outreach and advocacy on the benefits that the SMEs sector and the overall economy stand to gain with the growth of the leasing sector.

The Association of Leasing Companies in Serbia (ALCS) and the Serbian Chamber of Commerce (SCC) organized a conference entitled “Leasing as Business Support to Small and Medium Enterprises” to promote leasing as a model of financing for SMEs. The Ministry of Finance and Economy, one of the most relevant institutions for improving the leasing environment, announced that it stands ready to support further development of this sector, and is willing to amend certain regulations considered the main constraints to growth in this area. Many businesspeople also attended the conference to hear various presentations by leasing firms on different models of leasing support. Many presenters used and quoted information from BEP’s Access to Finance White Paper. BEP and ALCS agreed to continue joint efforts to improve leasing as a source of financing for SMEs.

Under **Objective 4, Task 2, "Strengthen the Government's Capacity, Approach, and Coordination for Improving Access to Finance,"** BEP and Ministry of Finance and Economy organized a series of roundtables to access to finance for SMEs in Serbia and implementation of the White Paper and Study “Financing the Growth of SME’s. The series of seven roundtables included:

- Sabac, April 16. Around 30 local business executives from Sabac and Macva region were able to learn how to improve their access to finance, strengthen their advocacy and establish a continuous public private dialogue. The roundtable was organized in cooperation with local business associations and Regional Chamber of Commerce Valjevo. The Ministry of Finance and Economy, represented by Nina Samardzic, Assistant of the Minister, announced that the Ministry is drafting the new Strategy for SMEs Development, 2014 to 2020, and invited businesses to actively participate in setting the Strategy’s goals. She also presented the existing support programs that the MoFE offers to small, micro and medium enterprises. BEP presented the findings and recommendations of the Study and White Paper and highlighted the reasons why small and medium-sized enterprises (SMEs) have difficulties in qualifying for finance, getting cost-efficient loans, and the types of credit they need to expand. BEP also underlined the deficiencies on the demand side of financing, offering a range of activities that the SMEs should

consider taking in order to improve their visibility, skills and negotiating powers. During the discussion, the SMEs representatives explored possibilities to undertake joint efforts in improving access to finance for their businesses.

- Zajecar, April 24, and Zrenjanin, April 25. BEP and the Regional Chamber of Commerce of Zaječar, organized a roundtable with SMEs from the Timok Region and BEP organized a roundtable in Zrenjanin in cooperation with the Banat Regional Agency for Socio-Economic Development. Ms. Nina Samardžić, Assistant Minister at the Ministry of Finance and Economy (MoFE), participated in both roundtables and presented the activities of the MoFE SME Policy Unit and led discussion with businesses to get inputs for drafting the new Development Strategy for SMEs 2013 – 2020. BEP presented the findings of its study on SME finance and the recommendations in its White Paper. Participants noted that the findings of the BEP White Paper completely matched the current situation, and underlined they were willing to give any type of support to achieve improvements. The participants in Zrenjanin made interesting proposals about possible models of state support to SMEs. The majority opinion was that the state had to act urgently, since the current situation does not allow the SME sector to grow or even survive. After the official part of the roundtable, many business representatives informally discussed possible mutual cooperation and joint activities.
- Krusevac, May 22. Around 30 local business owners from Krusevac region were able to learn how to improve their access to finance, strengthen their advocacy and establish a continuous public private dialogue. The roundtable was organized in cooperation with local business associations and Regional Chamber of Commerce Krusevac. The Ministry of Finance and Economy (MoFE), announced that the Ministry is drafting the new Strategy for SMEs Development and invited businesses to actively participate in setting the Strategy's goals. The MoFE also presented the existing supporting programs for small businesses including new program for equity financing that was developed with BEP's support and is to be launched in next few weeks. BEP presented the findings and recommendations of the Study and White Paper and highlighted the reasons why small and medium-sized enterprises have difficulties in qualifying for finance, getting cost-efficient loans, and the types of credit they need to expand. BEP also emphasized that SMEs should consider working together in order to improve their skills and negotiating powers.
- Subotica, June 11. This event was held in cooperation with the Subotica Regional Chamber of Commerce, and the Ministry of Finance and Economy. Katarina Obradovic-Jovanovic, head of the SME Unit at the Ministry of Finance and Economy, delivered a presentation at the roundtable, BEP presented the findings and recommendations of the Study and White Paper, and SMEs raised issues that adversely impact their businesses. These inputs will be used in the development of the new SME Development Strategy, to be adopted by the end of 2013, which will primarily influence SME policy in the near future.
- Nis, June 17. BEP's White Paper for Improving Access to Finance for Small and Medium Enterprises (SMEs) was presented and discussed at a roundtable with business representatives, held in cooperation with the Regional Chamber of Commerce Nis. Around 20 business owners from the Nis region took an active part in the discussion about recommendations from the White Paper, and expressed their satisfaction with the fact that the recommendations were drafted in response to their requirements. During the discussion, particular attention was paid to the weaknesses of business supporting services, especially accounting. Three important conclusions about the subject were made: awareness of the importance of accounting in doing business must be raised significantly; quality of accounting in the SME sector needs to be increased to initiate better access to finance for the SME sector; and accounting and auditing regulations need to be more flexible for SMEs. Nina Samardzic, Assistant Minister at the Ministry of Finance and Economy, participated in the discussion with SMEs and acquired inputs for drafting the new SMEs Development Strategy. Ms. Samardzic invited the SMEs present to participate in the Grant-Assisted Loan Program for SMEs, launched by the MoFE with technical assistance from BEP.

Under **Objective 4, Task 4, "Improve Effectiveness of State Financing Support,"** BEP successfully supported the MoFE's Grant-Assisted Loan Program for Small and Medium Enterprises (SMEs). The overall aim of this program is to increase the competitiveness of businesses, improve the way they operate and enhance their presence in international markets, and create new jobs through investment into equipment. BEP provided assistance to the MoFE so that the program will improve the access to finance by SMEs and improve the effectiveness of state financing support. A very low percentage of financing is used to invest into the expansion of SME production facilities; some of the reasons are high collateral requirements and high costs of financing. Consequently, the specific objectives of the Program are to lower the risk of lending for equipment purchases, reduce the cost of financing production equipment by ensuring lower interest rates, and promote the use of pledges on equipment as adequate collateral. . BEP helped MoFE develop the grant scheme and an evaluation framework for candidate banks. The banking sector showed exceptional interest in participating in this Program, offering better conditions for clients. In addition, banks reduced the costs for borrowers to a level lower than those for subsidized loans, and are willing to collateralize 100% of each loan with only a pledge on the equipment purchased. BEP supported the drafting, public procurement and release of the program, and this assistance strengthened the MoFE's capacity to prepare, implement and monitor future grant schemes. Small businesses, entrepreneurs, and cooperatives are eligible to apply for grants. A total of RSD 100 million in financing is available for 2013, and grants, ranging from RSD 250,000 to RSD 2.5 million, will provide up to 25 percent of a firm's investment. Under the program, the recipients must provide a down payment of at least five percent. The rest of the procurement is financed through lending from one of the three banks – Societe Generale Banka Srbija, Raiffeisen Bank, and ProCredit Bank – that offered the best conditions and were selected by MoFE for the program. The loans do not include mortgage collateral requirements. The grant-assisted loan program for stimulating equipment financing by small and medium enterprises was opened to applications by businesses in June.

Under **Objective 4, Task 5, "Streamline Financial Regulations that Affect the Cost and Flexibility of SMEs Lending,"** BEP is in the process of hiring STTA to conduct standard cost model analysis on selected banking regulations. This will provide a roadmap for the NBS to streamline regulations.

Under **Objective 4, Task 6, "Strengthen Professional Services Supporting Access to Finance,"** BEP continued to work with the NBS to professionalize and oversee valuation of collateral. BEP held meetings with the NBS and the NBS decided to move forward with the efforts. BEP's STTA expert will return in July to work with the NBS.

Under **Objective 4, Task 7, "Strengthen the Capacity and Market position of SME's,"** BEP worked with local economic offices to Increase Access to Finance. BEP and NALED's network of Local Economic Offices organized a roundtable on the role of local economic offices in improving access to finance for SMEs. BEP shared the results of its Access to Finance Study and White Paper. Representatives of local economic offices from different regions discussed their experiences, various levels of capacity, current activities in supporting SME access to finance, as well as their future roles in helping to increase financing provided to SMEs. The focus of the discussion was to jointly advocate for reform, as well as to explore possibilities for local economic offices to actively participate in implementing BEP's recommendations.

Under **Objective 4, Task 8, "Strengthen Credit Enforcement (in and out of Court),"** BEP continued training of Professional Enforcement Officers, as described above under Component 1. In addition, BEP and the Serbian Association of Managers (SAM) organized a Working Breakfast on Collateral Requirements. This working breakfast was devoted to the importance of collateral in access to finance for SMEs. Among the participants were the head of legal department at Banca Intesa, attorneys specializing in collateral issues, and businesspeople. The discussion focused on statutory requirements for establishing a mortgage or pledge on movable assets to secure a loan, handling defaults and conducting foreclosures. The general opinion of the attendees was that the regulations are inefficient and sometimes even contradictory, and they need to be modified in a way that will enable more efficient enforcement and faster debt collection. As noted in the recommendations contained in the BEP White Paper on Access to Finance, improved collateral

foreclosure would decrease the risk for financial institutions and increase the ability of the SMEs to take out loans. The head of Banca Intesa's legal department said that SMEs need to improve their presentation to banks, as business plans prepared by SMEs often do not clearly show that the loan requested is needed to finance a profitable investment, an important consideration, regardless of the collateral offered.

Under **Objective 4, Task 9, "Outreach and Awareness Building on Access to Finance,"** BEP worked with various partners to foster public-private dialogue on access to finance for small and medium-sized enterprises. The Belgrade Chamber of Commerce, in cooperation with Poslodavac, an employers' association, held a roundtable with small and medium-sized enterprises (SMEs) from the Belgrade region on improving access the finance and available sources of financing. vMr. Ljusic, head of the Belgrade office of the Development Fund of Serbia, made a presentation focusing on the current situation and future plans of the Development Fund regarding SME financing. Katarina Obradovic Jovanovic, head of the SME Unit at the Ministry of Finance and Economy, presented the Unit's activities on improving access to finance for SMEs. Ms. Obradovic Jovanovic pointed out that BEP had produced a detailed and very useful study on how to improve SME financing and that the Project had been providing significant assistance on many of the Ministry's activities related to improving SME financing, such as drafting an SME Development Strategy and supporting the establishment of the SME Council.

BEP participated in the Women's Leadership for the Future" Conference. BEP's Component 3 team leader, Ana Jolovic, held a presentation at the "Women's Leadership for the Future" Conference, organized by International Republican Institute, USAID Serbia and National Endowment for Democracy and Women's Democracy Network. The presentation outlined business environment reforms necessary for further development of woman entrepreneurship. It also introduced the results of BEP's Business Survey 2012, and the targeted research on access to finance for women. The majority of women (73% compared to 56% of men-owned businesses) do not take loans from the financial institutions. The majority of those who do borrow take small loans, amounting up to EUR 10,000, rarely up to EUR 50,000. One of the reasons for borrowing small is that women have less ability to provide adequate collateral or that they are less willing to burden their property. Women mainly take loans in order to improve the firms' liquidity or to cover on-going costs, as opposed to taking loans for investments. Following a lively discussion, business women and members of Women's Parliamentary Network concluded the Conference with a decision to focus their joint effort and advocacy on access to finance for SMEs, inspection reform, labor reform, Law on Cooperatives, entrepreneurship in education, and reform of business environment for tourism. They agreed to establish a working group within the Women's Parliamentary Network for advocating of these reforms and to organize monthly meetings between women in Parliament and women in business. The Conference was held on April 6 and 7 and supported by woman politicians from the USA, Bosnia and Herzegovina, and Macedonia. Following the "Women's Leadership for the Future" conference, Ms. Jolovic was invited to join this working group and support its efforts. At the second working meeting, the group discussed progress made in reducing red tape associated with administering maternity leave and improving transparency of flat-rate taxation of sole proprietors. The BEP Team informed the working group of the Factoring Law, awaiting adoption in Parliament, and discussed its potential benefits for small and medium-sized firms.

Public Sector Capacity Building Initiatives

BEP and its grantees, the Belgrade Open School (BOS) and the Serbian Management Center (SMC), launched two capacity-building projects aimed at BEP's GoS counterparts. BOS is implementing the "Better Public Administration through Internship" program, which has placed 15 interns with BEP's GoS partners for a period of six months. The interns are recent graduates, mostly from law and economics, and will work full time for six months. The SMC is implementing the project "Management Training Program for GoS counterparts." The following BEP partners in the GoS are participating in both programs: Ministry of Finance and Economy (Budget Department, Macroeconomic and Fiscal Department, Sector for SMEs, Financial System Department, and Public Debt Administration), Ministry of Labor (Sector for Labor); Ministry of Trade and

Telecommunications (Trade Legislation Sector); Office for Regulatory Reform and RIA; Securities Commission; and the National Assembly (Committee on Finance, State Budget and Control of Public Spending). The launch event for the two programs was held on April 23, 2013, at the National Assembly. Over 80 people attended this two-hour event, including representatives of all BEP counterparts, other USAID programs in Serbia, and BEP's grantees.

SMC's "Management Training Program for BEP's Government of Serbia Counterparts" completed all training modules, with 25 mid- to high-level officials from BEP's GOS counterparts actively participating and receiving attendance certificates. The ten days of training encompassed: Leadership and Management, Strategic Management, Cost-Benefit Analysis in Public Administration, Communication and Public Performance, and Project Management. All training events were organized at the National Assembly and attended by BEP staff and representatives of the Government's Human Resource Management Service. In parallel with the training events, coaching sessions were organized with three senior public officials in BEP counterparts. The project was evaluated highly positively and generated interest from counterparts in continuing training, in particular through coaching modules.

Under the project "Better Public Administration through Internships" implemented by the Belgrade Open School, all 15 interns were successfully placed and have started their internship assignments. Belgrade Open School developed a detailed curriculum for the training program for interns, as well as the training for mentors that was held on June 18. Belgrade Open School (BOS), held the first training session for the interns on June 22. The session covered European integrations and EU institutions, and was organized in cooperation with the Government of Serbia's Office for EU Integrations (SEIO). All the participants gave the highest marks to this training event. On June 27, all interns also attended an introductory meeting at BEP where they learned about BEP's various activities. At this meeting interns had an opportunity to meet BEP staff and learn about BEP's priorities for the duration of their internships.

Outreach

During the quarter BEP generated 228 media reports, all with a positive or neutral tone. BEP's outreach activities reached over 6 million people.

In this period, had several significant outreach events as part of its strategic communications on the reforms BEP is working on. These included:

- BEP launched the Concept of Reform of Construction Permits at an event in June. Minister of Construction and Urbanism Velimir Ilić and U.S. Ambassador Michael D. Kirby both voiced their support for construction permit reforms. The launch of concept related to the construction permits reform attracted huge interest from the media, resulting in over 20 journalists covering the story which finally resulted in over 50 positive media reports. On the day of the presentation, Minister Ilic was a guest at the National Television of Serbia (RTS) morning news announcing the Concept and stating that all recommendations will be applied in the new Law. <http://www.youtube.com/watch?v=Siu0mcpAd7o&feature=youtu.be>
- BEP and the MoFE engaged in a series of roundtables to promote financial strengthening of SMEs in Serbia. The first of seven roundtables was organized in Sabac, on April 16. Following Sabac, roundtables were held in Zajecar, Zrenjanin, Subotica, Nis, Krusevac. Cacak is the last town to be visited on July 11th.

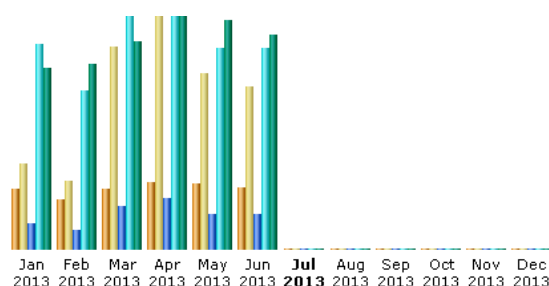


Roundtable in Zrenjanin's Regional Chamber of Commerce

BEP's interactive website, www.policycafe.rs, provides a means for dissemination of research and analysis on issues related to BEP's three components allowing users to provide input and feedback.

Based on our web analytics, visits to the website have reached a steady and constant number of total visitors with approximately 600 unique visitors on monthly basis (see chart).

So far the policy café has more than thousand different articles, publications, policy notes, useful links and information with content updated on regular basis, being a solid ground for further expansion of its popularity.



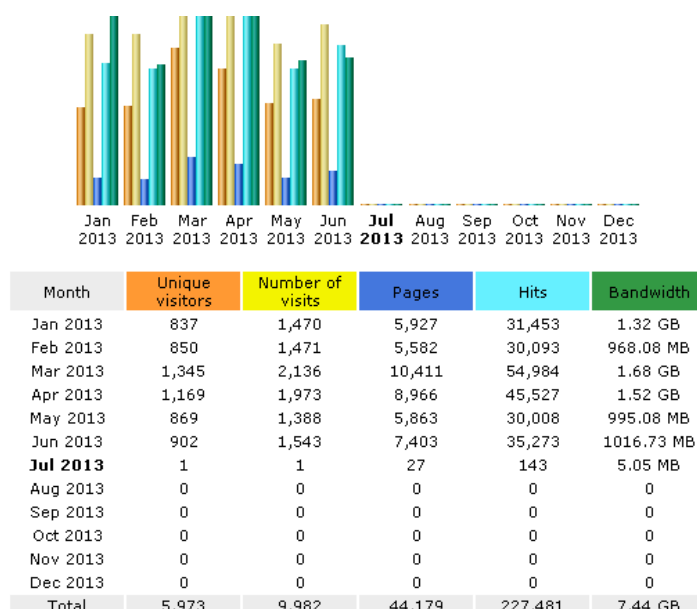
Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Jan 2013	612	868	4,448	34,439	3.91 GB
Feb 2013	505	696	3,283	26,649	4.00 GB
Mar 2013	617	2,042	7,350	39,156	4.50 GB
Apr 2013	674	2,417	8,692	40,159	5.17 GB
May 2013	671	1,775	5,871	33,795	4.95 GB
Jun 2013	629	1,640	5,851	33,732	4.65 GB
Jul 2013	0	0	0	0	0
Aug 2013	0	0	0	0	0
Sep 2013	0	0	0	0	0
Oct 2013	0	0	0	0	0
Nov 2013	0	0	0	0	0
Dec 2013	0	0	0	0	0
Total	3,708	9,438	35,495	207,930	27.18 GB

In the future period BEP will focus on further publicizing and expansion of its popularity, making the visual concept more modern and attractive to visitors, with an emphasis on relevant, brief, clear and easy-to-access information.

To improve transparency and make policy café more user friendly, BEP introduced an In the Loop section where the visitors can easily access all major analyses, researches and studies conducted by

BEP.

The BEP website, www.bep.rs, continued to have a large number of visitors, as shown by the adjacent chart. The BEP website contains information about the project, grant solicitations, media appearances, and partners. The BEP website (bep.rs) has continued to show an increase in number of visits with a steady average of 51 unique visits per day (June 2013).



Grants

ANNUAL PROGRAM STATEMENT

BEP published the Annual Program Statement for 2013 on Tuesday, April 2, 2013. The information has been circulated by e-mail to our partners, stakeholders and potential applicants. Any awards resulting from this APS will range from USD 5,000 to USD 40,000 for a maximum duration of twelve months. The APS is open until December 02, 2013. **APS-2013-01** has generated certain interest from organizations to apply for grants to date. BEP received nine project ideas and deliberated seven Expressions of Interest (EoI) in the second quarter of 2013. The Grants Selection Committee (GSC) convened twice, on April 26 and June 6, considered all EoIs and decided to reject two EoIs, invite two applicants to submit full proposals, and requested additional information from three applicants in order to make an informed decision. One applicant submitted a full proposal which is under consideration. The next GSC meeting is scheduled for July 10, 2013.

CONTRACT SIGNING

In the second quarter, BEP decided to award the grant RFA-2013-01/R and contracted MP and Associates for the Developing an Alternative Legal Framework for Improving Construction Permits in Serbia project. The aim of the grant is to advance the legal framework related to construction permitting process and therefore foster overall investment climate. The grantee will provide expertise to the Government of Serbia (GoS) in its attempts to streamline permitting procedures. Project activities entail the development of concept of improved construction permits system and set of legislature (amendments and changes to laws and by laws) regulating wide area of construction permitting issues, aimed at improving construction land availability, spatial and urban planning regime and administrative framework. **The value of the grant is 49,400 USD to be implemented within 12 month-period, until April 11, 2014.**

NEW RFAS

BEP launched the Request for Applications (RFA)-2013-02 for Business Survey in Serbia 2013 on June 5, 2013. The purpose of the RFA is to solicit applications to support BEP in the achievement of its program objectives. The successful applicant will conduct a survey through face-to-face in-depth interviews with owners and managers of business entities throughout Serbia (at least 1,000 Serbian businesses) in order to identify the problems and real priorities of the business sector and to capture and measure impacts of BEP-related interventions where reliable information and data is not readily available. **BEP intends to award a grant of up to 28,000 USD** to be allocated over a five-month period. The deadline for submission of applications is July 5, 2013.

The total amount of awards to date is \$ 962,707. The Grant Status is attached as Attachment 5.

A. Contracted	\$ 962,707
<i>B. Exchange rate and other differences (unpaid grants)</i>	<i>17,396</i>
C. Committed In-kind RGA (\$ 70,000) In-kind Securities Commission (\$ 99,948)	\$169,948
Total awarded and committed (A-B+C)	1,115,259

Total disbursed funds until June 28, 2013 amount to 780,510.64 USD.

MONITORING

Grantees have been regularly fulfilling the contracted milestones (apart from the grants, see below in *Grant agreement Modification*), and therefore nine payments were initiated in the reporting period for accomplishment of milestones as per their grant agreements. As part of regular monitoring activities, BEP's grants manager paid field visit to the following grantees:

National Alliance for Local Economic Development (NALED) presented a quarterly report on regulatory reform status for the period from January 1, 2013 – April 1, 2013, at the Media Center Belgrade, on 12 April 2013. This report was a part of the fourth milestone for the grant



"Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment", APS-2012-01-1. The aim of the grant is to develop a comprehensive public sector performance monitoring and reporting tools that will tackle the most important topics for improvement of doing business in Serbia environment.

The presented report contained the analyses of the adopted legislation, such as Public Procurement Law and Law on the terms of settlement of financial obligations in commercial transactions, and the overview of the level of implementation of

recommendations given by the businesses to the Government in regards to reducing bureaucracy and transparency of regulatory process in Serbia. The results of the report shows that in the first quarter of 2013 there were no results of the reforms Government of Serbia has been promising for the previous two quarters. At the conference, attended by the media and numerous representatives of ministries and other state institutions, Joe Lowther, Chief of Party of USAID BEP said: "From the recent road shows across Serbia, Serbian SMEs stressed that apart from insolvency and lack of capital, the biggest problem for the managers is the burdensome and uncertain business environment." This observation was also corroborated by the IPSOS Strategic Marketing survey on business opinions which showed that every 7th SME manager in Serbia was not satisfied with business environment in his/her

community. However, the survey showed slightly increased optimism among businesses compared to the previous period. Apart from NALED, USAID BEP and IPSOS representatives, the report was also presented by Djordje Vukotic, one of the authors of the report.

The grantee is respecting the contract obligations, both content- and time-wise and meeting the milestones.

Serbian Management Center (SMC) held project management training for participants from USAID BEP counterpart Government of Serbia's institutions on June 11, 2013. The two-day training was a part of the USAID BEP-supported grant RFA-2012-07, Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia, aimed at improving efficiency of the state administration in Serbia in order to more accurately respond to the needs of both Serbian citizens and business community. The purpose of the project was to design and implement comprehensive leadership and change management training program for public officers working in Serbian governmental institutions (25 mid-level management staff within the USAID BEP partner institutions) adjusted to their identified needs, in order for them to better accomplish reforms and to successfully implement new legislation. The project management training, was one of five-topic series of sessions, focused on fundamentals of project management, project cycle management, definition of project goals, objectives, outcomes and outputs, software support for project management, logical matrix, risk management, project budgets and sustainability, as well as monitoring, reporting and evaluation. Participants were divided into groups to exercise hands on acquired knowledge on project structure, implementation plans, and management of risks, which caused a lot of discussion among the trainees. The combination of theoretical lectures and exercises proved to be very effective for the participants, who evaluated the training as highly useful and applicable for their daily work. The training also presented a perfect opportunity for participants to share experiences on how the projects are managed and coordinated among the project actors at their respective departments, especially focusing on impossibility to influence a decision making process and a time consuming complex structure of approvals.



Represent Communications, in close cooperation with USAID BEP and Regional Centre for Socio-Economic Development of Banat, organized a round table to present the USAID BEP study "Financing the Growth of SMEs: Critical Issues and Recommendations," and a panel discussion on improving access to finance for SMEs, in Zrenjanin, on April 25, 2013. This round table, entitled Solutions for Small & Medium-sized Enterprises (SMEs) - Ensuring Better Access to Funding and Creating New Jobs, was the second one in the series of seven round tables within the USAID BEP-supported grant RFA-2012-03 "Business Enabling Project PR/Outreach Campaign." The Study was presented by Dragana Stanojevic, USAID BEP DCOP and Ana Jolovic, Financial Markets Development Team Leader. Special guests were Nina Samardzic, Assistant of the



Minister of Finance and Economy, and Aleksandra Vucetic, Associate in the Ministry of Finance and Economy, at the event hosted and moderated by Irena Zivkovic, Director of Regional Agency for Socio-Economic Development of Banat. 21 business owners and managers from Zrenjanin and other parts of Banat took part in a lively debate on the challenges and problems they face on how to access financing for their business operations and possible solutions that would help them get faster and cheaper funds for their businesses.

GRANT AGREEMENT MODIFICATION

USAID BEP approved and signed two no-cost and two cost-modifications to the grant agreements with Represent Communications, American Chamber of Commerce in Serbia and Serbian Association of Managers. The changes included the following:

1. Represent Communications for RFA-2012-03 "Business Enabling Project PR/Outreach Campaign" grant.

Changes: Extension to the period of performance of the grant agreement.

The second no-cost modification to the grant agreement entails extension of the period of performance of the grant agreement for one month, due to the change of the city where the round table on the access to finance for SMEs will be organized. Namely, instead of the city of Jagodina the team will organize the final event of the road show in Cacak in cooperation with the Regional Chambers of Commerce Kraljevo, department in Cacak, in mid July 2013.

2. American Chamber of Commerce in Serbia (AmCham) for APS-2012-01-6 "First Lap Time – 100 Days of Government and Follow-up" grant.

a) Cost modification 1:

Changes: Revision of the project activities; Change of deliverables/grant milestones and payment schedule specified in the grant agreement; Revision of the budget with the new budget.

The modification entails a revision of project activities resulting in the change of deliverables/grant milestones schedule, as well as budget modification with cost increase. AmCham will organize a high level conference with top policy makers who attended the first conference "First Lap Time – 100 Days of Government", instead of originally planned two follow-up events with mid-level officials, in order to review the progress, or the lack of it, in accordance with the commitments pledged at the Conference. This will present an excellent opportunity to assess the progress in improvement of business environment in the most politically sensitive areas, and commitments made by the policy makers in the areas of para-fiscal charges, labor regulations and construction permitting. Specifically, it will enable the business community to engage in discussion with GoS leaders on the three priority reform areas and to advocate for quicker GoS responses in these areas. The objectives of the grant agreement remain the same.

b) Cost modification 2:

Changes: Extension to the period of performance of the grant agreement; Change of payment schedule specified in the grant agreement; Revision of the budget with the new budget.

The second cost-modification entails extension of the period of performance of the grant agreement to allow the successful finalization of the project activities by August 1, 2013. In addition, arrangements of organizing a high level conference changed with cost implications (decrease of the budget), i.e. AmCham will not be the sole organizer of the conference, but would embark on this endeavor together with the EU Delegation, Foreign Investor's Council (FIC) and Privrednik, which will raise the level of public awareness and impact. The conference, scheduled for July 8, would host the high political figures of the Government of Serbia (including the Prime Minister, First Deputy Prime Minister and Minister of Finance and Economy), as well as high officials from the EU Delegation, IMF, World Bank and FIC. The objectives of the grant agreement, as well as project deliverables will remain the same, as specified in Modification 1 to the grant agreement.

3. Serbian Association of Managers for APS-2012-01-7 "Strengthening the Voice of Managers" grant.

Changes: Extension of the period of performance of the grant agreement.

The no-cost modification entails extension of the period of performance of the grant agreement for five months, as two forums of managers could not have been organized within the time frame as per Grant agreement, due to Government of Serbia's (GoS) focus on and priorities towards negotiations over Kosovo in the last several months. One forum on inspections was cancelled the night before the event, as the main speaker, Minister Nikola Selakovic, has been appointed by GoS to the Kosovo negotiation team and was not able to participate. The two forums of managers – one on inspections and the other on business growth and financial stability will be held in September - November 2013 period. The objectives of the grant agreement remain the same, and the extension to the period of performance does not entail any cost modification.

Progress versus Workplan

BEP's progress versus the Work Plan is set forth in Attachment 3.

Progress versus PMP

BEP's progress versus the PMP is set forth in Attachment 4.

Challenges Encountered and Actions taken to Resolve them

BEP has not encountered any new challenges that required specific actions.

Observations Regarding Implementation

As noted above, the Project has a leadership role in many of the key policy reforms in Serbia, and BEP has managed to move the reform efforts forward in all of its activities. This appears to be due to BEP's approach to policy reforms that includes having comprehensive and clear recommendations in each area that are supported by exhaustive research and analysis, effective communications through the media, building business association coalitions, and quality technical assistance to implement the recommendations.

ACTIVITIES PLANNED FOR NEXT QUARTER

Noteworthy activities for the ninth quarter of the project, covering April 1 to June 30, 2013, will include:

Administrative and General Activities

- Recruit new group of interns.

Component 1

- Assistance to the Ministry of Justice and State Administration's official Working Group for drafting legislation governing reform of inspections
- Outreach and cooperation with business associations on reform of business inspection system
- Support to the Ministry of Finance and Economy in continuation and monitoring of para-fiscal charges reform
- Drafting the changes to the legal and regulatory framework for construction permitting, its public presentation and vetting
- Continuation of public-private dialogue on labor framework reform
- Assistance for legal drafting related with labor legislation

- Continuation of activities on comprehensive monitoring of business environment in Serbia
- Providing support to the PPP Commission for adoption Value-for-Money Methodology (VfMM) in public-private partnerships; seeking opportunities for VfMM's testing in practice
- Continuation of education of stakeholders on new public-private partnership framework.

Component 2

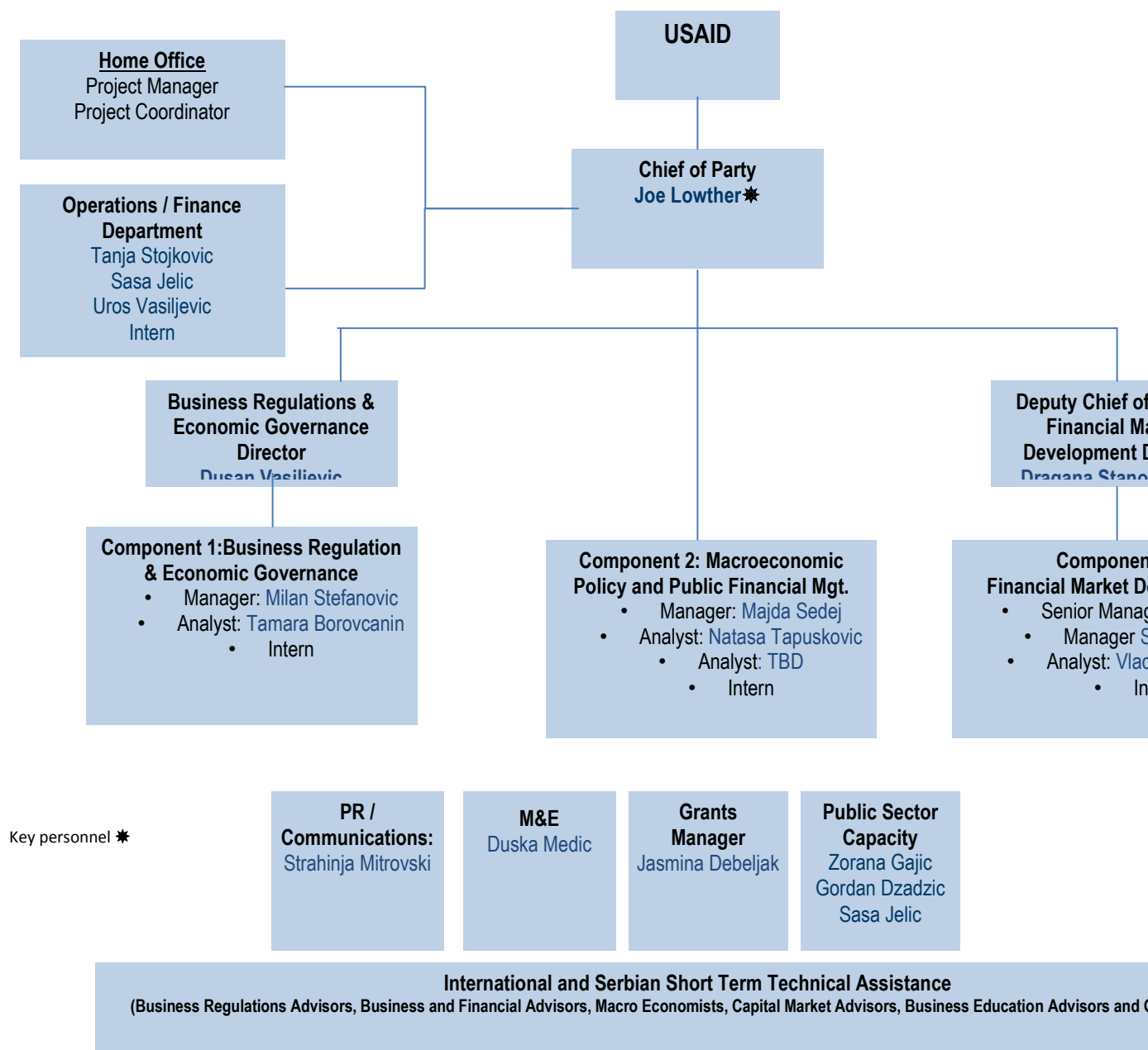
- Training at the Macro-Fiscal Department of the Ministry of Finance and Economy on the Research Results of Fiscal Multipliers Study
- Prepare Follow Up Scope of Work For Fiscal Multipliers Study Aimed at Fiscal Council Designing Medium Term Fiscal Adjustment Measures
- Prepare Scope of Work to Assist the Fiscal Council with the Review of its Demographic Model
- Assist the PDA with the Testing of Potential New Debt Management System
- Complete the Existing Scope of Work For on Public Debt Risk Management Trainings to PDA's Middle and Front Office
- Shadow Economy outreach
- Citizens Guide outreach
- Workshops with Budget Department of Ministry of Finance and Economy and budget users
- Technical training to the Parliament
- Study tour to USA for representatives of MoFE Budget Department, Finance Committee and Fiscal Council member

Component 3

- **Capital & Debt Markets**
 - Advanced training on risk-based practices in line with international standards
 - Assistance in developing a set of tools to make inspections more efficient and effective, including development of an inspection manual.
 - Initial assessment of Securities Commission through interviews with management and staff and a review of internal documentation for organizational diagnostic
 - Comprehensive review of the organizational structure and functional performance of the Securities Commission
 - Sign a contract with a vendor for Securities Commission IT system, and start implementation phase
- **Risk Management & Market Development**
 - Technical assistance on viable options on designing adequate retail debt instruments and distribution channels for Serbian market.
- **Commodities Market**
 - Review the first draft of the Commodity Law and share it with a broader group of stakeholders in order to receive feedbacks.
 - Support to MoTT to organize public discussion
 - Support to the working group to prepare other relevant documents that accompany law (regulatory impact assessment, report on public discussion, transposition table, etc.)
 - Start preparation for a study tour for the working group on commodity exchange regulation in order to resolve some practical issues before law is adopted, and increase knowledge essential for development of bylaws and implementation of the law including supervision
- **A2F Related Regulation**
 - Create a White Paper for leasing improvement

-
- Organize a roundtable about the findings of the Leasing White Paper
 - Advocate for the development of the regulatory framework for non-bank financing institutions (NBFIs)
 - Organize a roundtable about the NBFIs with the relevant stakeholders
 - **Support to MoFE**
 - Assistance to the SME Access to Finance Expert Group (as a part SMEs Council) in developing an inter-governmental Action Plan for improving access to finance based on the findings of BEP's White Paper.
 - Assistance to the SME Business Enabling Expert Group (as a part SMEs Council) in developing an inter-governmental Business Enabling Action Plan (cooperation with C1 on construction permitting and inspections in particular)
 - Assistance to MoFE in drafting "SME Development Strategy 2014-2020
 - Participate in joint working group on harmonization of securities regulation to ensure the compliance of the relevant laws and foster the development of capital markets in Serbia. We are providing technical assistance regarding the key Laws affecting the market – Capital Market Law, Takeover Law, Investment Fund Law and Company Law.
 - Reviewing other changes of the capital market regulatory framework in order to ensure that the changes are in a line with the best EU and international practice.
 - **Business Associations and SMEs Outreach**
 - Start working on A2F Manual for SMEs
 - Consider pilot project with business association(s) on improving access to finance for their members
 - Business forum on A2F with SAM - grant
 - Banking Sector Outreach
 - Start working on first banking sector outreach with NALED-ProCredit, and with CEVES through our grant program
 - **A2F Supporting Services**
 - Assist the NBS to identify the best path to create a comprehensive data base of relevant information for use by Valuers in the valuation (in order to improve the accuracy of and confidence in value conclusions, and thereby afford the potential to reduce the risk associated with uncertainty, and correspondingly, the cost of capital for the lender and borrower.)
 - **Credit Enforcement**
 - Research and gathering of information for drafting of RFA should be performed during the summer related to strengthening the implementation of the Enforcement, Late Payments and Bankruptcy Law
 - Assembling list of regulatory changes needed to improve collateral legislation (mortgage, pledge etc.).
 - New training planned in the fall, in cooperation with GiZ for Professional Enforcement Officers

ATTACHMENT 1: BEP WORK ORGANIZATION



Key personnel *

ATTACHMENT 2: LIST OF MEDIA PUBLICATIONS

#	Date	Press	Title
1	1.4.2013	Ekonometar	"Less of shadow economy, bigger income from taxes"
2	3.4.2013.	Danas Poslovi	"unfair competition"
3	3.4.2013.	Regionalna TV Novi Pazar	" Meeting of SEDA and USAID"
4	3.4.2013.	TV Sandzak	" Roundtable in Novi Pazar"
5	4.4.2013.	Privredni pregled	" How to deal with bureaucracy in Serbia"
6	4.4.2013.	Rts1	" Kirby in the south of Serbia "
7	5.4.2013.	www.akter.co.rs	"Announced legal regulation of inspection"
8	5.4.2013.	www.rts.rs	" regulation of inspection"
9	5.4.2013.	www.srbija.gov.rs	" regulation of inspection will lead to better business environment"
10	5.4.2013.	www.energyobesrver.com	"Serbia needs new law on inspections"
11	5.4.2013.	www.glassrbije.org	"Selakovic announced new law on inspections"
12	5.4.2013.	www.krstarica.com	"Selakovic: Soon law that regulates inspection"
13	5.4.2013.	www.tanjug.rs	" Selakovic: Soon law that regulates inspection"
14	8.4.2013.	Vecernje novosti Beograd	"Volunteer school "
15	9.4.2013.	Kraljevska TV	"Verica Kalanovic on improving business environment "
16	9.4.2013.	www.blic.rs	"USAID: Serbian entrepreneurs will feel improvement by the end of year"
17	10.4.2013.	Danas	" Enterprises from the south of Serbia on promotion in Belgrade"
18	10.4.2013.	www.bizlife.rs	" Business will feel the improvement by the end of the year"
19	10.4.2013.	www.okradio.rs	" Can we get better business"
20	11.4.2013.	Danas	"beginning and the end of legal reform: administrative procedures"
21	11.4.2013.	www.poslovnojutro.com	"USAID: Serbian entrepreneurs will feel improvement by the end of year"
22	11.4.2013.	Politika potrosac	"Changing regulations about inspections"
23	11.4.2013.	www.novci.rs	"USAID: Serbian entrepreneurs will feel improvement by the end of year"
24	11.4.2013.	RTV Kragujevac	"Reforms covered by USAID"
25	11.4.2013.	www.rtk.co.rs	"Reforming with the help of USAID"
26	12.4.2013.	www.b92.net	" Naled: announced reforms left out"
27	12.4.2013.	www.bizlife.rs	"Naled: In the begging of 2013 announced reforms have left out"
28	12.4.2013.	www.tanjugbiz.rs	"Naled: In the begging of 2013 announced reforms have left out"

29	12.4.2013.	www.webtv.rs	"State of regulatory reform in the first quarter of 2013th opinion on the economy and the regulatory environment in Serbia"
30	12.4.2013.	www.bifonline.rs	"The first quarter results failed to materialize promised reforms"
31	12.4.2013.	www.novimagazin.rs	"paperwork torments the business"
32	12.4.2013.	www.novosti.rs	"paperwork torments the business"
33	13.4.2013.	Vecernje novosti	"papers – the hardest work"
34	13.4.2013.	RTV City Subotica	"Naled researches about the reforms conducted in Serbia"
35	13.4.2013.	www.ekapija.com	"Naled says that the promised reforms have left out, MOF denies it"
36	13.4.2013.	www.b92.net	"Paperwork torments the business"
37	14.4.2013.	www.poslovnojutro.com	"paperwork torments the business"
38	14.4.2013.	www.pressonline.com	"tomorrow official ceremonial oats for bailiff"
39	16.4.2013.	www.dnevnik.rs	"para-fiscal taxes rob the country"
40	16.4.2013.	www.ekapija.com	"Improving access to finance for small and medium-sized enterprises - USAID organizes roundtables in Zrenjanin, Subotica, Jagodina, Krusevac, Sabac, Nis and Zajecar"
41	16.4.2013.	www.novci.rs	"paperwork torments the business"
42	16.4.2013.	www.vibila.rs	"USAID BEP starts the set of roundtables"
43	16.4.2013.	www.tanjugbiz.rs	"financing the growth of small and medium enterprises"
44	16.4.2013.	www.kamatica.rs	"usaid: business enabling project"
45	17.4.2013.	www.blic.rs	"help with financing SME"
46	17.4.2013.	www.blic.rs	"study about development of SME"
47	17.4.2013.	Danas – poslovi	"investment for new work places"
48	17.4.2013.	Privredni pregled	"improvement of financing SME"
49	17.4.2013.	www.akter.co.rs	"improving the growth of enterprises in south"
50	17.4.2013.	www.beta-video.rs	"signing the memorandum of cooperation"
51	17.4.2013.	www.beta.rs	"support for development of enterprises in 12 municipalities"
52	17.4.2013.	www.danas.rs	"help for development of enterprises in 12 municipalities"
53	17.4.2013.	www.glassrbije.org	"support for the south of Serbia"
54	17.4.2013.	www.tanjugbiz.rs	"supporting the development of small and medium enterprises in Serbia"
55	17.4.2013.	www.srbija.gov.rs	"strengthening the sector of SME on south and southwest of Serbia"
56	18.4.2013.	Informer	"State and USA help the south of Serbia"
57	18.4.2013.	www.akter.co.rs	"Form 2014. Simply account for taxes and incomes"
58	18.4.2013.	www.b92.net	"Taxes and incomes on one place"
59	18.4.2013.	www.bizlife.rs	"NALED selected the new executive board"
60	18.4.2013.	www.kurir-info.rs	"Dinkic: from 2014. Taxes and incomes all in one place"

61	18.4.2013.	www.tanjugbiz.rs	"From 2014 incomes and taxes all in one account"
62	18.4.2013	www.mondo.rs	"From 2014 incomes and taxes on one account"
63	18.4.2013.	www.gdeinvestirati.com	"Dinkic: starting next year incomes and taxes all in one place"
64	19.4.2013.	Politika	"Faster to building permits"
65	19.4.2013.	Prva srpska TV	"In Serbia there is large number of unnecessary agencies"
66	19.4.2013.	Radio Beograd 1	"Number of agencies increased from 2011"
67	19.4.2013.	www.bizlife.rs	"We need a comprehensive reorganization of state agencies"
68	19.4.2013.	www.dnevnik.rs	"Dinkic: From next year taxes and incomes all in one place"
69	19.4.2013.	www.rtk.rs	"Bratislav Gasic in the new executive board of NALED"
70	19.4.2013.	www.studiob.rs	"Dinkic announced new office for faster agreements"
71	20.4.2013.	Blic	"Prevent the opening of new, unnecessary agencies"
72	20.4.2013.	Kurir	"Agencies need to be reorganized"
73	20.4.2013.	Politika	"Faster to the building permits"
74	22.4.2013.	www.gradjevinarstvo.rs	"Faster to building permits"
75	23.4.2013.	Privredni pregled	"Initiatives for better government work"
76	23.4.2013.	www.b92.net	"Administration "eats" 4,2% of GDP"
77	23.4.2013.	www.ekapija.com	"Administration expenses " eat" up to 4,2% of GDP"
78	23.4.2013.	www.tanjugbiz.rs	"Administration expenses " eat" up to 4,2% of GDP"
79	23.4.2013.	www.nadlanu.rs	"Administration expenses " eat" up to 4,2% of GDP"
80	24.4.2013.	Danas Poslovi	"Results left out"
81	24.4.2013.	Privredni pregled	"Administration over filled"
82	24.4.2013.	Timok	"Strategies for development of SME sector"
83	24.4.2013.	Timok	"Easier access to sources of financing"
84	24.4.2013.	BEST TV Zajecar	"Financing SME"
85	25.4.2013.	Timok	"Easier access to sources of financing"
86	25.4.2013.	KTV Zrenjanin	"Roundtables in Zrenjanin regarding financing SME"
87	25.4.2013.	Podrinske	"Companies and business associations plan to collaborate in the area of access to finance"
88	27.4.2013.	Politika	"Administrative costs " eat up " 4,2% GDP"
89	29.4.2013.	Vecernje novosti	"Project"
90	29.4.2013.	www.novosti.rs	"What do inspections do: control of damage after the damage happened"
91	30.4.2013.	Vecernje novosti	"Damage control"
92	30.4.2013.	www.smedia.rs	"Inadequately trained, subject to corruption and arrogant: What are all the inspectors criticized in Serbia"

93	1.5.2013.	Cord specijalno izdanje	"Ongoing support"
94	3.5.2013.	Zrenjanin	"What bothers them"
95	6.05.2013.	Danas - Biznis	"Lost in woods of regulations"
96	7.5.2013.	www.novosti.rs	"Ilic: Many await for our failure and surrender"
97	7.5.2013.	TV Studio B	"Getting the construction permit"
98	8.5.2013.	Vecernje novosti	"Many await for our failure and surrender"
99	8.5.2013.	www.gradjevinarstvo.rs	"Ilic: Half of the government is solving problems in construction"
100	8.5.2013.	www.jugpress.com	"Competition and construction permits in Serbia"
101	8.5.2013.	www.mondo.rs	"Half of the government is solving problems in construction"
102	8.5.2013.	www.nspm.rs	"Velimir Ilic: the Brussels agreement, Serbia gave nothing, or it recognizes the independence of Kosovo"
103	8.5.2013.	www.bifonline.rs	"Serbia is open to competition, the problem still building permit"
104	8.5.2013.	www.radiocentar987.com	"Serbia is open to competition, the problem still building permit"
105	8.5.2013.	www.vibilia.rs	"NALED: Serbia opens for competition, problem still with construction permits"
106	9.5.2013.	Dnevnik	"Building permits are the steppingstone"
107	9.5.2013.	Privredni pregled	"Permits are obstacles for competitors"
108	9.5.2013.	Vreme	"Constant raising of services quality"
109	9.5.2013.	www.mondo.rs	"There will be war between Government and municipalities because of taxes"
110	9.5.2013.	www.gdeinvestirati.com	"Property tax offset the abolition of fees for land use"
111	10.5.2013.	www.dnevnik.rs	"Building permits are the steppingstone"
112	10.5.2013.	RTS1	"Without good inspection there is no discipline in economy"
113	10.5.2013.	www.livetv.rs	"Abolition of fees for the use of land to a better business environment"
114	13.5.2013.	Kurir	"Help for the youth in countryside"
115	13.5.2013.	www.kamatica.com	"Serbia breaks the record for shadow economy in region"
116	13.5.2013.	www.parlament.gov.rs	"Study on the gray economy in Serbia: New findings and recommendations for reform"
117	13.5.2013.	www.b92.net	"Serbia breaks record in shadow economy"
118	13.5.2013.	www.bizlife.rs	"Serbia breaks record for shadow economy in country and region"
119	13.5.2013.	www.tanjugbiz.rs	"Serbia breaks record for shadow economy in region"
120	14.5.2013.	Blic	"Serbia breaks record for black labor"
121	14.5.2013.	Politika	"Shadow economy blooms in Serbia"
122	14.5.2013.	Informer	"Serbia breaks record in shadow economy"
123	14.5.2013.	Privredni pregled	"Shadow 30% of GDP"
124	14.5.2013.	TV Studio B	"Obtaining a building permit will pay 3 times more"

			expensive than in other” countries
125	14.5.2013.	Danas	“Third is operating illegally”
126	14.5.2013	www.gdeinvestirati.com	“Serbia breaks the record for shadow economy in region”
127	15.5.2013.	Dnevnik	“Only Bulgarians work more on black market than
128	15.5.2013.	www.b92.net	“Only Bulgarians work more on black market than
129	15.5.2013.	Magazin biznis	“Property tax instead of compensation for land
130	15.5.2013.	Kurir Go International	“Equality meand successful business!”
131	15.5.2013.	www.dnevnik.rs	“Only Bulgarians work more on black market than
132	15.5.2013.	www.okradio.rs	“Bulgarians work more on black market than us”
133	16.3.2013.	Narodne novine	“Third business illegally”
134	22.5.2013.	Danas Poslovi	“Well designed and synchronized policies”
135	22.5.2013.	www.rtk.rs	“Financing development of SMEs”
136	22.5.2013.	TV Jefimija Krusevac	“Support for SMEs”
137	22.5.2013.	www.tanjugbiz.rs	“Poor conditions of financing of SMEs, announces a
138	22.5.2013.	TV PLUS	“The interlocutors – Ana Jolovic and Aleksandra
139	23.5.2013.	Privredni pregled	“Fifth of the loans goes in investments”
140	24.5.2013.	Dnevnik	“Roundtable regarding procurement”
141	25.5.2013.	Timok	“Confidence in judiciary is confidence in the
142	25.5.2013.	Politika	“Harder to find job, easier to get fired”
143	31.5.2013.	Politika	“Everything starts with the citizens”
144	7.6.2013.	Narodne Novine	“They will try to work without the “ chief ”
145	8.6.2013.	Blic	“USA gave 9 million for NGO”
146	8.6.2013.	Politika	“Support from USAID to civil society”
147	8.6.2013.	Danas	“Support from USAID to civil society”
148	8.6.2013.	Vecernje novosti	“USA gave 9 million for NGO”
149	11.6.2013.	TV K23 Subotica	“USAID BEP”
150	11.6.2013.	RTV City Subotica	“Roundtable regarding financing SMEs”
151	11.6.2013.	Radio Subotica	“Financing SMEs”
152	11.6.2013.	RTV YU Eco	“Roundtable regarding financing SMEs”
153	11.6.2013.	www.sumedija.rs	“Entrepreneurs supported USAIDs
154	12.6.20123	Dnevnik	“As a gift quarter of value on equipment”
155	12.6.2013.	Danas Poslovi	“Young on the work market”
156	12.6.2013.	Magyarszo.com (WEB)	“Hard to deal with, but are afraid of a debt”
157	12.6.2013.	Danas Poslovi	“Cooperation and networking ”
158	13.6.2013.	Danas	“SMEs more difficult to raise capital”
159	18.6.2013.	www.kamatika.com	“ Every third worker is moonlighting ”
160	19.6.2013.	www.dnevnik.rs	“Every third worker is moonlighting ”
161	19.6.2013.	www.inserbia.info	“Serbia: 700,000 people working illegally”
162	19.6.2013.	www.bktvnews.com	“ In Serbia 700.000 employees are moonlighting ”
163	19.6.2013.	www.gdeinvestirati.com	“In Serbia: 700,000 people working illegally”
164	19.6.2013.	www.kurir-info.rs	‘Every third worker is moonlighting ”
165	19.6.2013.	www.mondo.rs	‘Every third worker is moonlighting ”
166	19.6.2013.	www.pressonline.rs	“In Serbia: 700,000 people working illegally”
167	20.6.2013.	Dnevnik	“ In Serbia 700.000 employees are moonlighting ”
168	20.6.2013.	www.jugmedia.info	Presenting the Study on financing the growth of

169	20.6.2013.	Privredni pregled	"Every Third works illegally "
170	20.6.2013.	www.srbijadanas.net	"In Serbia Every Third works illegally "
171	20.6.2013.	www.glassrbije.org	" In Serbia Every Third works illegally "
172	20.6.2013.	www.bizlife.rs	"Easier access to funding sources in order to create
173	21.6.2013.	Privredni pregled	" jointly easier to get a loan"
174	21.6.2013.	Radio Beograd 1	"Soft loans for SMEs in the South and Southwest
175	21.6.2013.	RTS1	"Soft loans for SMEs in the South and Southwest
176	21.6.2013.	www.livetv.rs	" Working Breakfast - "Collateral and payout as a
177	22.6.2013.	Narodne novine	" Reducing the risk of increasing the availability of
178	23.6.2013.	www.novosti.rs	"The fight against shadow economy starts"
179	24.6.2013.	www.novosti.rs	" The fight against shadow economy starts "
180	25.6.2013.	www.kredit.rs	" The fight against shadow economy starts "
181	25.6.2013.	www.mc.rs	"USAID prepared a guide for regulatory reform to
182	25.6.2013.	www.mgu.gov.rs	"Presentation of the draft reform concept of
183	27.6.2013.	Vecernje novosti	"Credit for South Serbia"
184	27.6.2013.	Happy TV	"Simplify procedures"
185	27.6.2013.	RTS 1	"Guest – Velimir Ilic"
186	27.6.2013.	TV Pink	"The Guide to simplify the procedure for issuing
187	27.6.2013.	Pink 3	"Simplify procedures for the issuance of building
188	27.6.2013.	TV Sky plus	"The Guide to simplify the procedure for issuing
189	27.6.2013.	TV Bor	"Adoption of new building permits"
190	27.6.2013.	TV KCN	"The adoption of the new law regarding the
191	27.6.2013.	TV KCN	"Adoption of new building permits"
192	27.6.2013.	RTV City Subotica	"Adoption of new building permits"
193	27.6.2013.	www.ekapija.com	"Construction permits one office within 40 days - a new law on planning and construction in the fall of
194	27.6.2013.	www.glassrbije.org	"Faster to building permits"
195	27.6.2013.	www.24sata.rs	"Building permits for free soon and finished in 30
196	27.6.2013.	www.glas-javnosti.rs	"USAID's one-stop guide to the issuance of building
197	27.6.2013.	www.gradjevinarstvo.rs	"Ilic: building permit within 30 days (video)"
198	27.6.2013.	www.gradjevinarstvo.rs	"Ilic: building permit within 30 days "
199	27.6.2013.	Blic	"USAID's one-stop guide to the issuance of building
200	27.6.2013.	Vecernje novosti	"Faster to building permits"
201	27.6.2013.	www.mondo.rs	"Building permits for 30 days and "cheaper"?"
202	27.6.2013.	www.pressonline.rs	"Ilic: Conversion of land can pay only tycoons and
203	27.6.2013.	www.tanjugbiz.rs	"Ilic requires urgent resolution of the problem of
204	27.6.2013.	www.tanjugbiz.rs	"USAID's one-stop guide to the issuance of building
205	27.6.2013.	www.radiobeograd.rs	"Ilic: URGENT PROBLEM SOLVING land conversion"
206	27.6.2013.	www.webtv.rs	"Part I: USAID prepared a guide for regulatory
207	27.6.2013.	www.webtv.rs	"Part II: USAID prepared a guide for regulatory
208	27.6.2013.	RTS 1	"Building permits available in only 30 days"
209	27.6.2013.	Beta	"Building permits available in 30 days"
210	27.6.2013.	www.b92.net	"Building permits available in 30 days"
211	27.6.2013.	www.mgu.gov.rs	" Building permits available in only 30 days"
212	27.6.2013.	www.b92.net	"Ilic: URGENT PROBLEM SOLVING land conversion"
213	27.6.2013.	RTS 1	" Building permits available in only 30 days"

214	27.6.2013.	www.glassrbije.org	Ilic: Building permits within 30 days
215	27.6.2013.	www.yu-build.rs	"USAID's Guide to Regulatory Reform: The building
216	27.6.2013.	www.rtvbor.rs	"Free building permits"
217	27.6.2013.	www.rtv.rs	"Ilic: Building permits for 30 days"
218	28.6.2013.	Danas Sandzak	"Come and meet the nature"
219	28.6.2013.	Danas	"Ilic: Building permits available in a month "
220	28.6.2013.	Privredni Pregled	"Conversion on the agenda"
221	28.6.2013.	ALO	Building permits for "free"
222	28.6.2013.	Politika	"Ilic: Urgent solution regarding conversion of land"
223	28.6.2013.	Kurir	Building permits for "free"
224	28.6.2013.	Informer	"The new law accelerates the construction permit"
225	28.6.2013.	Blic	"Building permits in 30 days"
226	28.6.2013.	24 sata	"Building permits cheaper and in in 30 days "
227	28.6.2013.	Dnevnik	"To building permits fast and free"
228	28.6.2013.	Danas	"Ilic: Building permits available in a month"

ATTACHMENT 3: PROGRESS VERSUS WORKPLAN

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
Objective 1: Improve and streamline business regulation				
1. Improve Inspections Operations and Organization	Conduct an outreach campaign to increase stakeholders' demand for inspections reform	Jan – Dec 2013	Inspections reform outreach campaign	Outreach campaign in progress, to be intensified with the launch of TV campaign with public announcement videos. Joint letter of leading business associations sent to the line Minister asking for reforms without further delays. Presentation of the concept of inspections reform held in AmCham.
	Provide technical assistance for development of the legal and regulatory framework for implementation of the inspections reform	Jan – Dec 2013	Draft laws and bylaws for implementation of the inspection reform	MoJSA formed of the WG for drafting the Draft Law on Inspections and held the first meeting of the workign group, where the concept of the Draft Law was endorsed. Two members of USAID BEP C1 Team are appointed in the WG and in the Core Working Group, which will prepare, during July, August and September, the first Draft Law on Inspections,. The deadline for finalizing the Draft Inspections Law is March 2014, while the Government of Serbia should adopt it by June 2014 at the latest.
	Work with the line ministries and other competent public bodies and entities,	Jan – Dec 2013	Implementation plan	Direction and timetable of the joint

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
	representatives of businesses and the Inspections Leadership Group to facilitate development of the implementation plan for inspections reform in parallel with the development of the legal and regulatory framework governing inspection reform.		for inspection reforms	efforts agreed on with the MoJSA State Secretary Gordana Stamenic, and Assistant Minister, Vladana Jovic. USAID BEP provided comments to the Draft Strategy for Public Administration Reform and Action Plan – deadlines for regulatory activities adjusted by the MoJSA accordingly.
	Assist the implementation of the pilot e-Inspections project, targeted at increasing transparency, establishing coordination between inspections and decreasing the number of steps and procedures	Jan – Dec 2013	Reformed inspections mechanism for selected inspectorates	TOR for the new e-Inspections system has been developed and shared with EU project that has planned similar activity. Different cooperation models are being discussed.
	Train stakeholders for implementation of new inspections regulatory framework and policies	Oct 2013 – Jan 2014	Inspections reform training program delivered	Training program to be launched following adoption of the new legal framework.
2. Remove or reduce quasi fiscal burdens to businesses	Provide assistance in the process of streamlining remaining financial impositions on businesses	Jan – Oct 2013	List of re-priced Government services	Public Discussion on the drafted Law on Charges for the Use of Public Resources is over and the Draft Law being revised accordingly. The Law on Property Taxes is adopted, providing integration of the construction land usage charge into the property tax. GoS prepared the Amendments to the Budget System Law, providing for more predictability with the rate setting.
	Assist efforts to streamline para-fiscal charges that fall under responsibility of local governments	Mar 2013 – Jan	Proposal for	The process continued through

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
		2014	streamlining local charges	development of Draft Law on Charges for the Use of Public Resources, adoption of the Law on Property Taxes and development of the Draft Amendments to the Budgetary System Law.
	Support establishment of a tool for comprehensive monitoring of the level of para-fiscal impositions on businesses	Jan – Oct 2013	Tool for comprehensive monitoring of the level of para-fiscal impositions on businesses	Basic version of the tool is an element of USAID BEP supported NALED's Quarterly Reports on Business Environment.
	Conduct an outreach campaign to support the reform of para-fiscal charges	Mar – Nov 2013	Proposals for streamlining para-fiscal charges.	Supported public discussions on the Draft Law on Charges for the Use of Public Resources. Representatives of BEP participated at the Roundtable on elimination of land usage charge that was organized by SAM.
3. Assist implementation of the Law on Enforcement (adoption expected in April)	Conduct the PEOs Training	Jun 2013	PEO training delivered	On May 21 and 22, 2013, USAID BEP supported the Chamber of Enforcement Officers and the GIZ Legal Reform Project in continuation of enforcement officers' trainings on practical aspects of the enforcement officer profession and on supervision over the enforcement officer profession.
4. Streamline	Facilitate stakeholders' dialogue on recommendations for improvement of construction permits	Jan – Jun 2013	Recommendations for improvement of CP	Concept for legislative reforms developed, publicly presented and

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Task	Activities	Activity Period	Deliverables	Status
Construction Permitting			vetted	supported by the line Ministry and other stakeholders.
	Provide technical assistance with improving legal framework for construction permits	Jan – October 2013	Improved legal framework for CP designed and legislated	The grant for "Developing an Alternative Legal Framework for Improving Construction Permits in Serbia" awarded and the legislative changes are being drafted.
	Support implementation of specific segments of the CP reform, including planning document software	Jan 2013 – Jan 2014	Web based system for tracking planning documents TOR for implementation of the CP e-Governance system	This activity will be implemented after the key elements of the future legal framework are defined.
5. Reduce the employing workers burden	Facilitate dialogue between business associations, trade unions and Ministry of Labor and Social Policy on reform of labor legislation and regulations	Jan – Apr 2013	Meeting Reports on agreements and outstanding issues	Five thematic public private discussions on key issues in the labor legislation held. Based on conclusions and recommendations, the "Elements for Consideration at the Working Group for the Law on Amendments to Labor Law" are prepared and shared with the Ministry of Labor, Employment and Social Policy.
	Organize outreach campaign and public-private dialogue to inform decision makers, stakeholders and general public about the impact of current policy environment and expected outcomes of proposed reforms	Jan – Dec 2013	Outreach campaign on environment for labor market	The plan for joint outreach activities drafted and shared with business associations. The outreach should begin in July, starting with the AmCham event with the Prime minister. Regional Labor Conference

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
				that should gather social partners from 6 surrounding countries should take place in early October 2013.
	Provide technical assistance for legal drafting related with labor legislation	Jun – Oct 2013	Drafts of legal acts for reducing the employing workers burden	The Ministry of Labor, Employment and Social Policy established the Working Group for drafting changes in the Labor Law. The "Elements for Consideration at the Working Group for the Law on Amendments to Labor Law" shared with the Ministry to be used as one of key materials in drafting the new law.
	Train stakeholders on new labor legislation	Nov – Dec 2013	Training and materials	Planned for Q4, 2013.
Objective 2: Business effectively partners with Government in developing and implementing regulatory reforms				
1. Improve Public-Private Dialogue	Develop mechanisms for monitoring and evaluation of Government's policies and their delivery, including the inclusiveness and transparency of policy making.	Jan – Oct 2013	Mechanisms for monitoring and evaluation of Government's policies and their delivery developed	NALED's Regulatory Index of Serbia is being improved and updated.
	Conduct Annual Business Survey continuing the practice started in the Year 1	Jun – Nov 2013	Annual Business Survey report	Planned for Q3, 2013
	Organize PPD events as forums for discussion between the Government and businesses on improvement of business environment.	Jan 2013 – Jan 2014	PPD events	Fifth thematic discussion on labor policy and labor legislation reforms has been held, covering issues that cause the most troubles for employers and employees. Two trainings (Sabac, Vrnjacka banja)

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
				for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs have been held. USAID BEP and Assistant Minister for State Administration presented the Concept for the Law on inspections to businesses. Expert group, in charge for drafting the Concept for legislation on construction permits reform engaged in intensive public private dialogue. Key findings of the Draft Study on state agencies in Serbia were publically discussed with public and private stakeholders.
	Increase capacities of public sector, business associations and NGOs to manage their mutual interaction for optimal results through training and internship programs and other applicable activities	Jan 2013 – Jan 2014	Internship and training programs completed	Grant awarded to the Belgrade Open School and BOS and BEP selected and placed 15 inters at the BEP counterparts. BEP, through a grant to the SCM, delivered training program to BEP's public sector counterparts. Two trainings (Sabac, Vrnjacka banja) for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs have been held.

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
1. Improve Quality and Quantity of Legislative and Regulatory Reforms	Train the Regulatory Reform Office (RRO) on RIA and SME Test - Train the Trainers in depth course	Jan 2013 – Oct 2013	Training on RIA and SME test delivered	Planned for Q3 2013.
	Train the Regulatory Reform Office (RRO) on Evaluation of Regulatory Policies (Ex-Post regulatory analysis) using the Pilot Case (evaluation of Law on Enforcement; alternatively Law on Construction and Spatial Planning)	Jan 2013 – Oct 2013	Training Ex-Post regulatory analysis delivered	TBD
	Conduct SCM study comparable with the one conducted in the Y1 of the project	Nov 2013 – Jan 2014	SCM study	Planned for Q3, 2013.
1. Finalize legal framework for PPPs	Facilitate public-private dialogue and provide technical assistance for drafting the bylaws stemming from the Law on PPP and concessions.	Jan 2013 – Jun 2013	Roundtables, working group meetings, public discussions, consultations; Drafts of bylaws stemming from the PPP and Concessions Law	The Draft Value-for-Money Methodology (VfMM) was discussed at several events (Šabac, Vrnjačka) involving representatives of local authorities, public institutions, public enterprises, and private investors. USAID BEP completed the Draft VfMM and submitted it to the PPP Commission. USAID BEP provided comments to the MoJSA and the PPP Commission concerning the Draft Law on General Administrative Procedure in respect to regulatory governance of administrative contract in relation to public contract in PPPs and concessions.
	Provide training to the members of the Commission, possibly including a study tour, on issues such as potential of PPP agreements in different areas, assessing and dealing with the PPP related risks, providing advisory opinions on PPP arrangements and management	Jan – Oct 2013	Training to the Commission members	International PPP expert and head of Croatia PPP Commission presented their experiences to members of

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
in PPPs	of stakeholders' and public's expectations		delivered	Serbian PPP Commission and other stakeholders at the event organized by USAID BEP. The website of the Commission for PPP is developed and functional.
	Organize an outreach campaign to educate stakeholders and general public on potential of PPPs and on challenges related with managing them	Jan – Nov 2013	Outreach campaign on potential and challenges related with PPPs	Two trainings (Sabac, Vrnjacka banja) for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs have been held.
	Organize the “Governments and Businesses Talk Partnerships” road show to train public authorities and potential investors on the possibilities created with the PPP legislation	Mar – Jun 2013	Training/regional presentations	Two trainings (Sabac, Vrnjacka banja) for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs have been held.

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
Objective 1: Improve GoS budgeting, fiscal policy analysis, and financial management efficiency				
1. Capacity building assistance to the Fiscal Council and Improvements to fiscal	Technical assistance to help develop a demographic and aging model to support intermediate- and long-term fiscal analysis and budgeting. (Support will also benefit the MoFE Macro Fiscal Department)	Jan-Dec (intermittently)	On-site consultations at FC Demographic Model Aging Model	No activities. Activities will commence in the Fall of 2013. (Fiscal Council is currently developing Demographic Model on its own.

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
responsibility	Technical assistance with development of selected fiscal multipliers to improve the government's ability to assess the economic growth impact of various policies and meet EU standards on fiscal analysis.	Jan-Mar	Econometric analysis Advisory Brief on Multipliers	<p>Local STTAs developed theoretical presentation on fiscal multipliers, outline of fiscal multipliers in Central and Eastern Europe (CEE) and in Serbia, and necessary data series on CEE and Serbia since 2001. The remaining task to train the Macro-Fiscal Department (MFD) on the above topics is expected to complete in mid-July after adoption of the Budget Rebalance and Fiscal Strategy Report.</p> <p>Next Scope of Work, planned for the period from September to December 2013, shall more closely relate fiscal multiplier research to fiscal policy decisions to gain support for necessary economic growth policies. The end results (range of fiscal multipliers with policy recommendations) would be a basis for Serbia's next medium term fiscal adjustment.</p>
2. Improvements to MoFE Fiscal Analysis and Strategy	Technical assistance to the MFD to develop and utilize a Bridge Model model to strengthen macroeconomic and fiscal forecast and analyses and support fiscal policy-making.	Mar-Jun	Bridge Model, Training, Training Materials and Guidelines	BEP explored with the World Bank a joint project of developing a Dynamic Stochastic General Equilibrium (DSGE) Model and building capacity of the MFD for utilization of the model. This model is used for policy analysis and forecasting of mid-term and long-term economic performance, and has been recognized by the MFE as a top assistance priority. The agreement has

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
				been reached that the WB supports initial assessment and development of the model, followed by BEP's capacity building support to the MFD through a grant - pending USAID approval. Development of a Bridge model will be postponed.
	Technical assistance on developing fiscal multipliers that can be used in forecasting and budgeting (This will overlap with support to FC)	Jan-Mar	Econometric analysis Advisory Brief on Multipliers	Training is envisaged in the second quarter of 2013 on the expected findings and results of a fiscal multiplier study undertaken by the Fiscal Council and supported by BEP. See Fiscal Council activity number 2 for more information.
	Assistance in reviewing the performance and efficiency of selected state aid programs dealing with employment and exports. (This support will tie into the active grant work on creating a framework and assessment methodology for state aid under Objective 3)	Jan-Mar	State aid analysis	Grant terminated. Grantee was unable to gain MoFE cooperation in obtaining data and information on state aid programs.
	Support to MoFE to institutionalize the Citizen's Guide to the Budget.	Jun-Sep	Training and guidance on preparation of CG	Citizen's Guide (CG) to the Budget almost completed. Awaiting to revised budget be adopted, so data modification should be done in CG
3. Assistance to the GoS and Parliament to improving budget coordination and performance management	Technical training series for the Parliamentary Finance Committee on selected budgetary and fiscal issues.	All year	Training and Training Materials Advisory Notes	
	Technical briefings on new business and financial sector legislation prepared with BEP assistance (e.g. inspections, construction permitting, labor, factoring, leasing, commodity exchange, brokerage capital requirements, etc.)	Depends on when laws get submitted		Delivered a presentation of BEP Shadow Economy Study at the National Assembly for the Members of Committee on Finance, State Budget, and Control of Public Spending and members of other Committees and research staff.

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
	Study tour for representatives of the Finance Committee and MoFE Budget Department on effective budgetary procedures and oversight.	May		Finalized preparations for a study tour to Washington, DC for key partners from the Finance Committee, MoFE Budget Department, and Fiscal Council on effective budgetary procedures and oversight, scheduled for week July 7-July 13
4. Assist the MoFE Budget Department to develop capacity for improved transparency and program budgeting	Support to MoFE on formation and agenda-setting of working group (WG) for program budget (PB) implementation. Facilitation of WG discussion and decision making. Technical advice as needed.	All year	Action Plan PB framework Methodological Instructions Training and Training Materials Advisory Notes	BEP supported the Budget Department (BD): <ul style="list-style-type: none"> to develop Fiscal impact assessment Methodology which will enable the BD to assess fiscal burdens of proposed legal acts. to facilitate Second Meeting of Intra-governmental Work Group for Implementation of Program Budget. To finalize Program Budget (PB) framework and methodology to propose Draft PB Methodology for IPA programing and reporting to propose program budget Structure for Local Self-Governments (LSGs) that enables benchmarking and performance evaluation
	Technical assistance to the MoFE Budget Department (BD) in development of program budget framework and classification system, methodological instructions, and implementation plan.	Feb-May		
	Development of training curricula for budget users, delivery of training on PB methodology; and technical assistance to budget users on formulation of programs and performance indicators.	Apr - Dec		
	Assessment of needs for upgrade of budget preparation information system (BPMIS) in line with modification of budget process (with IMF advisor)	Feb-May		

Component 2: Macroeconomic Policy and Public Financial Management				
Task	Activities	Activity Period	Deliverables	
5. Improvements to Fiscal Policy, Strategy and Analysis	Support for policy advocacy, outreach, and implementation of the recommendations of State Aid Study.	Apr-Jun	Workshops Trainings and Training Materials	BEP plans to prepare a policy note on the need to reorganize state aid programs from legal framework, economic, and transparency perspectives.
Objective 2: Improve public debt management and conditions for government financing				
1. Improving conditions for public investment in and trading of government debt	Strengthening the system for improving the market for government securities. (Coordinated with work of C3 on demand-side)	2013	Training and Training Materials, Advisory Notes	Worked with PDA to develop program (Crosscutting with C3)
	Assistance with assessing viable options for development of retail distribution of government debt and creation of a household purchase program	Sep-Dec	Retail distribution framework Advisory briefs	Commenced development of program with PDA (Crosscutting with C3).
2. Assistance to improve debt management systems, reporting, analysis, and capacity	Ongoing training series and capacity building to PDA in debt management strategy, risk management, planning and operations.	2013	Trainings, Training Materials, Models	Local STTA delivered two session supervisory training to assist PDA in conducting debt sustainability assessment (DSA) analyses. The remaining work on this Scope of Work is being conducted as an on-job-assistance with consultant reviewing early drafts of the analysis, providing recommendations, monitoring their application, and so forth.
	Study tour to 1-2 countries in the region to learn about advanced government securities auction platforms and how to apply risk analysis to Serbia's portfolio (i.e. Italy's Department of Treasury)	2013	Study Tour	Study tour to Italy
	Continued IT management and support to the PDA director for improvements to debt management systems and reporting and information.	2013	Periodic report on issue identification and resolution;	BEP Senior Expert continued assistance by helping the PDA test potential new debt management

Component 2: Macroeconomic Policy and Public Financial Management				
Task	Activities	Activity Period	Deliverables	
			User Requirements Outlined or Developed	system (developed by Commonwealth Secretariat) and delivering a 26-page "Review of Tested Functionalities of the Debt Recording and Management System" (DRMS). PDA asked BEP for assistance in testing another potential debt management system developed by UNCTAD – Debt Management and Financial Analysis System.
Objective 3: Improve macroeconomic policy and strategy				
1. Tactical Assistance to advance the GoS macroeconomic strategy	Stage II savings study: Formulation of policy recommendations on improving domestic savings	Feb-Mar	Report on Improving Domestic Savings	Consultant commenced development of policy recommendations.
	Support for policy advocacy and outreach on the recommendations of the Savings Study.	Mar-Jun	Conference, Roundtables, Advisory Notes	No activities. Activities will commence in Q2.
	Support for policy advocacy, outreach, and implementation of the recommendations of Shadow Economy Study. (In cooperation with C1 where applicable)	Jan-Mar	Conference, Roundtables, Advisory Notes	BEP has identified over 100 articles and features in the media dealing with the importance of tackling the informal economy in Serbia (meaning that at least one article has been published each day since the study was first made public, in March 2013)
	Conduct outreach on priority macroeconomic issues of the new government through various mechanisms including workshops, roundtables, and Policy Café submissions.	All year	Conferences, Debates, Roundtables	BEP presented results and recommendations of the study on Shadow economy at the Danas Conference Center, in Hotel Hyatt. Also, Study was presented to the Working Group (mostly included representatives from private sector) for shadow economy in trade, at Serbian Chamber of Commerce.

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
Objective 1: Strengthening capital markets				
1. Assistance to build supervision capacity of Securities Commission	Further capacity building assistance to streamline supervisory practices and improve resource management through risk-based supervision and effective use of the new IT system supported by the project.	Jun -Nov	Training Training Materials Consultations RBS Inspection Manual for brokerages	Activity scheduled from September.
2. Improve disclosure of information in compliance with the legal requirements and best international practice	Continued support for development and implementation of a new web-based information disclosure system.	Jan – Oct	Official Register of Information Report on Development of Document Management and Public Register System for the SC IT procedural training and training materials	Ongoing. We are in the process of waiting waiver for an IT grant which will allow establishment of Official Register of Information, followed by IT procedural trainings
3. Improve capital market legislation	Technical assistance in amending capital market legislation.	Feb -Dec	Draft amendments Roundtables	Ongoing. MoFE established joint working group on harmonization of capital market regulation. More than 20 laws are identified that should be mutually harmonized and in a line with the best EU and international practice.

Component 3: Financial Market Development				
Task	Activities	Activity Period	Documentary Deliverables	
				The working group should finalize work by mid-summer, in order for proposed amendments to be adopted in the fall.
Objective 2: Strengthen enabling environment for commodity exchange				
1. Assistance in development of legal framework for commodity exchange	Provide technical assistance and participate in MoTT Working Group established to review and finalized the draft Commodity Exchange Law	Jan - Aug	Draft Commodity Exchange Law	<p>Ongoing. Working group is in the process of finalizing first draft of the Commodity Exchange Law and expected for first public consultations to start from mid-July. .</p> <p>Already completed. MoTT established the new broader working group in January 2013. BEP is the official member of the working group</p>
	Capacity building and training to the members of MoTT working group and to other stakeholders on the main features and concepts of a contemporary commodity exchange system including best international practices.	Jan - Jun	Workshops Training Study Tour	<p>Ongoing. We are in the process of organizing a study tour in order to build capacities of main stakeholders to implement the new law and develop bylaws according to best international practice.</p> <p>Already completed. Two day workshop on main features and concepts of a contemporary commodity exchange with focus on market abuse, insolvency, clearing, and customer protection.</p>
Objective 3: Improve GoS access to finance through development of a long-term, liquid public debt market				
1. Assistance to identify	Assessment of institutional investor needs and demand-side constraints to achieving a	Feb – Jun	Roundtable	Ongoing. BEP started assistance to

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
and develop the key regulatory criteria for developing a government debt market	more diversified issuance of government debt.		conclusions Advisory notes Progress report	the PDA in designing retail government debt program. Adequate retail debt instruments and distribution channels will build demand from households and citizens achieving a more diversified issuance of government debt. Already completed. Study visit to the Italian Ministry of Economy and Finance. The main goal of the study tour was to continue to help the PDA make substantial improvements in the quality of debt reporting and analysis, application of risk management to PDA work, and progress in overcoming constraints to development of primary and secondary markets for government debt.
Objective 4: Improving access to finance for small and medium enterprises and entrepreneurs				
1. Assistance in development and implementation of access to finance related laws	Support and facilitate reform of the leasing regulation to make it more competitive with international standards, including assistance to MoFE in making selected amendments (if needed).	Feb-Dec	Roundtables, Working Group meeting, Consultations, Draft amendments	Ongoing. Preparing a White Paper on Leasing industry constraints. Already completed. Analyzed identified constraints and developed recommendations in cooperation with the leasing association. Had a roundtable with the leasing industry in order to verify recommendations for leasing improvements and determine further steps of advocating for reforms.

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
				BEP and leasing association sent a document to the MoFE regarding amendments to the Corporate Income Tax Law.
	Assistance for finalization and adoption of the Factoring Law and drafting of selected by-laws for implementation.	Jan – Sep	Law on Factoring adopted Bylaws drafted and adopted	<p>Ongoing. Preparing the public outreach with all relevant stakeholders once the law is adopted in July.</p> <p>Already completed. The final draft was prepared after the last round of the public discussion was conducted. The draft was sent to all relevant ministries for comments. Regulatory impact analysis and required additional documents are prepared, submitted and approved. BEP conducted the training on factoring to the Parliament's Committee on Finance, State Budget and Control of Public Spending in cooperation with C2. BEP published articles in weekly magazine to increase knowledge and understanding about factoring. The draft law is in the Parliament ready to be adopted.</p>
	Advocacy and assistance for development of a regulatory framework for non-bank credit institutions	Jan - Dec	Consultations Roundtable(s) Draft laws/bylaws	Ongoing. Small scale internal workshop on NBFIs role in the economy for MoFE and NBS is scheduled and prepared. Planning public outreach about the role of NBFIs.
2. Strengthen the	Technical advice and training to the MoFE and SMEs Council, including assistance in	All year	Advisory notes	Ongoing. The new SMEs Council will

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
government's capacity, approach, and coordination for improving access to finance 	developing an inter-governmental Action Plan for improving access to finance based on the findings of BEP's White Paper.		Training Draft Action Plan	be actively involved in drafting SMEs Development Strategy. Already completed. Technical assistance in designing and establishing SMEs Council.
	Assistance to MoFE in drafting "SME Development Strategy 2014-2020" in the area of access to finance and business regulation (in coordination with the C1)	Apr – Nov	Draft SMEs Development Strategy 2014-2020	Ongoing. Two regional roundtables in order to collect information and feedbacks from SMEs. Preparing to start working on drafting new Strategy once the SMEs Council is officially established. Already completed. Six regional roundtables in order to collect information and feedbacks from the SMEs, as well as work on establishing SMEs Council.
	Assistance to MoFE in implementation of other priorities, as defined in cooperation with the MoFE, and consistent with the project goals.	All year	Advisory notes Drafting of legislation	Activity planned from July.
3. Improve information collection and dissemination of SMEs financing data	Assistance to MoFE in establishing efficient information collection and dissemination mechanism, including defining information that should be collected.	Jun - Sep	Consultations Advisory brief on information parameters	Activity scheduled from October
	Provide assistance in improving portal for disseminating all information on SMEs' financing, including SMEs' support programs.	Jul - Nov	Web portal improvement and content criteria Financial tools	Activity scheduled from September.
4. Improve Effectiveness of	Assistance in developing new financing support to stimulate access to finance at the SME level and possible re-designing or restructuring selected state programs.	Feb- Dec	Diagnostic of state support mechanism	. Already completed. BEP supported MoFE to develop equipment grant scheme, as well as invitation letter for

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
State Financing Support			Targeted on-going advisory Programs design	the banks and evaluation criteria. MoFE choose three banks to participate in equipment grant scheme. The program is released for small businesses, entrepreneurs and cooperatives to apply for grants under this year's program for co-financing.
5. Streamline financial regulations that affect the cost and flexibility of SMEs lending	Assist the NBS to develop regulatory impact assessment (RIA) on selected credit regulations to assess their costs to banks and SMEs.	Mar -Aug	Regulatory impact assessment	Ongoing. We are in the process of hiring STTA to conduct standard cost model analysis on selected banking regulations.
6. Strengthen professional services supporting access to finance	Assist the NBS to increase the quality of and set the standards for collateral valuation.	Jan -Dec	Advisory notes	<p>Ongoing. Technical assistance in the creation of a comprehensive data base of relevant information, for use by Appraisers in the valuation, which could improve the accuracy of and confidence in value conclusion.</p> <p>Already completed. A detailed analysis of the current real-estate valuation practice in Serbia is done and recommendations on possible models of implementation of international valuation standards are made. In cooperation with the NBS, BEP has organized a roundtable for more than 50 financial institutions and valuation experts in order to receive feedbacks from all relevant stakeholders and identify all possibilities for valuation improvement.</p>

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
7. Strengthen the capacity and market position of SME's	Strengthen the capacity of business associations and business groups to advocate for access to finance reforms; assist in developing an advocacy strategy.	Feb – Mar (initial engagement) Apr-Nov (targeted assistance)	Training and consultations Roundtables, Workshops	Ongoing. BEP is organizing additional two roundtables with business and business associations, as well as roundtables with NALED's Banking and Finance Committee. Already completed. BEP finalized initial meetings with the business and financial associations in order to develop national consensus for access to finance reforms. BEP organized six roundtables in different regions, as well as roundtables with NALED's local economic offices and NALED's SMEs Committee. BEP is closely cooperating with leasing association and factoring association in implementing recommendations from BEP's White Paper.
	Assist selected business associations and SME groups to develop dedicated financing programs with banks and other lenders.	Apr-Nov	Workshops Guidance materials	Activity planned to start from September.
8. Strengthen Credit Enforcement (in and out of Court)	Continuing education of Professional Enforcement Officers (PEOs) (see Component 1, Objective 1, Task 3).	Dec 2012 – Mar 2013	Curriculum for appointed PEOs training Training conducted	Ongoing. New training planned in the fall, in cooperation with GiZ. Already completed. Training conducted in May 2013 for 53 participants, including newly appointed PEOs
	Assist the MoFE in initiating the fine tuning of the collateral regulatory framework in order to enable efficient court and out of court enforcement.	Jan - Dec	Identify and prioritize the changes in collateral regulatory legislation Draft amendments to a set of collateral	Ongoing. Assembling list of regulatory changes needed to improve collateral legislation (mortgage, pledge etc.). Already completed. BEP and SAM organized roundtable on

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
			related laws	overcollateralization in order to initiate and vet the reforms in this area.
	Assist the MoFE in strengthening the implementation of the Enforcement, Late Payments and Bankruptcy Law, in particular through training of the Commercial Judges and the State Prosecution Office	Jan -Dec	Curriculum for training developed Participation in training Advisory Notes	Ongoing. Research and gathering of information for drafting of RFA should be performed during the Summer.
9. Outreach and awareness building on access to finance	Outreach campaign on the access to finance White Paper and proposed reforms, including targeted outreach to advance reforms on specific A2F topics (non-banks, leasing, enforcement, etc.)	All year	Media materials Roundtables	Ongoing. We are organizing roundtables around the country, as well as constantly being present in the printed and electronic media. We are organizing roundtable about improvement of leasing and promotion of new Factoring Law and use of factoring as liquidity instrument. We are constantly updating policycafe webpage.

ATTACHMENT 4: PROGRESS VERSUS PERFORMANCE MONITORING PLAN

Project Results / Objectives	Indicators	Measurement Unit	Data Collection Method	Schedule of Collection	Baseline	Targets Years 1-5	Status Q1
Mission Assistance Objective: Create A More Competitive Market Economy							
IR 1.1: Business Enabling Environment Improved	Decrease in the "Burden of Government Regulations" addressing Government Inefficiency	Numeric Value	WEF GCI Reports	Annual	2011: 2.34	Yr 1: 2.34 Yr 2: 2.34 Yr 3: 2.44 Yr 4: 2.57 Yr 5 : 2.71	2.4 by the WEF GCI published in September 2012
Sub-IR 1.1.1: More Effective Business Regulation	Decrease in costs for businesses to comply with regulatory framework	Numeric Value	Standard Cost Modeling (SCM)	Annual	2011 Total Administrative Cost: RSD 124.6 billion (4.2% of GDP)	Yr3: Total Administrative cost decreased by RSD 4 billion plus inflation (3.2% reduction) Yr5: Total Administrative burden decreased cumulatively by RSD 10 billion plus inflation (8% reduction plus inflation)	None. New data due with a new SCM. Scheduled for year 3.
IR 1.4: Macroeconomic Environment Improved	Increase in Foreign Direct Investment	Numeric Value	National Bank of Serbia (NBS)	Annual	2010: 3.07% GDP	Yr1: FDI at 3.3% of GDP Yr2: FDI at 3.3% of GDP Yr3: FDI at 4% of GDP Yr4: FDI at 5% of GDP Yr 5: FDI at 6% of GDP	Net FDI / GDP for 2012 = 0.8% MoFE Table on Basic macroeconomic indicators, updated March 18, 2013

Sub-IR 1.4.1: Improved Fiscal Policy	Improvements in the Open Budget Index ("OBI") Score as reported by the International Budget Partnership	Numeric Value	OBI Survey	Bi-Annual	2010: 54	Yr 1: N/A Yr 2: N/A Yr 3: OBI score 54 Yr 4: N/A Yr 5: OBI score 57	2012: 39 Reason for this score: No longer producing a Pre-Budget Statement, and publishes a less comprehensive Executive's Budget Proposal.
	Improved Government Budget Balance as percentage of GDP	Numeric Value	MoF	Annual	2010: -4.4 % (actual fiscal deficit)	Yr1: -4.5% of GDP Yr2: -4.5% of GDP Yr3: -3.5% of GDP ¹ Yr4: -1.9% of GDP Yr5: -1.0 % of GDP	2012 deficit is -6.6% of GDP- source FREN's Quarterly Monitor 31 and MoFE Public Finance Bilten for January 2013
Sub-IR 1.4.2: Financial Markets Developed	Improved score in WEF GCI "Financial Market Development" (formerly 'Sophistication') The VIII WEF GCI Pillar	Numeric Value	WEF GCI reports	Annual	2011: 3.74	Yr1: 3.74 Yr2: 3.80 Yr3: 3.84 Yr4: 3.88 Yr5: 3.92	3.7 by the new WEF GCI published in September 2012 (WEF 2012/13)
	Credit to private sector as a percentage of GDP	Numeric Value	National Bank of Serbia (NBS)	Annual	2010: 40%	Yr 5: 60%	2011: 43.7 % 2012: 54%
	Number of person hours of training of journalists from publications that cover business	Numeric Value	Project Report	Annual	N/A	Yr 1: 400 Yr.2: 800 Yr 3: 800 Yr 4: 800 Yr 5: 400	0
Component 1: Business Regulation and Economic Governance Improved							
1. Improve and	Number of commercial laws	Numeric Value	Project Reports	Annual	2011: 3	2011: 3 2012: 10	Q1=1 Q2=2

¹ Projected deficits by Fiscal council for 2013, 2014, 2015

streamline business regulation lowering the costs to businesses and government from business regulations	and regulations simplified and implemented in accordance with international standards as a result of USG assistance					2013: 10 2014: 10 2015: 10 2016: 3 ²	
	Average time spent by management on working with inspections	Numeric Value	Business Survey ³	Annual	59 hours	Yr. 2: 58 Yr. 3: 55 Yr. 4: 50 Yr. 5: 45	Yr2: 34 hours
	Number of Professional Enforcement Officers trained, passed the exam, and ready to get appointed	Numeric Value	MoJ Data	Annual	N/A	Yr 2: 300	82
	Number of days to enforce a judgment	Numeric Value	World Bank Doing Business Report	Annual	2011: 635	Yr 3: 530 Yr 4: 475 Yr 5: 417	By WB DB Report published in October 2012 Serbian result is 635 days
	Number of days dealing with constructions permits	Numeric Value	World Bank Doing Business Report	Annual	2011: 279	Yr 5: 220	By WB DB Report published in October 2012 Serbian result is 269 days
	Business perception of the burden of laws and regulations improves	Qualitative	Business Survey	Annual	2011: 17% agree that there was improvement	Yr. 2: 18% Yr. 3: 20% Yr. 4: 24% Yr. 5: 28%	Yr2: 26% agree that there was improvement

² Project will end 3 months into the 2016 fiscal year.

³ This refers to the annual BEP Survey of Serbian Businesses.

	Significant progress of realization of new labor legislation recommended by the 2011 White Book by the Foreign Investors Council in Serbia	Qualitative	Foreign Investors Council in Serbia	Annual	N/A	Yr.2: 1 Yr 3: 2 Yr.4: 6 Yr 5: 6	No significant changes to the status of the recommendations in the White Book 2012
	Decrease in percentage of businesses responding that labor law has negative impact on business	Qualitative	Business Survey	Annual	2011: 75%	Yr. 3: 65% Yr. 5: 55%	Yr2: 66%
2.Business effectively partners with Government in developing and implementing regulatory reforms	Increase in business sector participation on laws improving regulatory environment	Qualitative	Business Survey	Annual	2011: 19% of businesses agree that there was improvement	Yr 2 : 21% Yr. 3: 25% Yr. 4: 28% Yr. 5: 32%	Yr2: 25%
	Number of public private dialogue mechanisms/ events on business regulation issues created by the project	Numeric Value	Project Reports	Annual	N/A	Yr1: 3 Yr2: 5 Yr3: 5 Yr4: 5 Yr5: 2	Q1=18 Q2=21
3. Improve and support	Number of substantial RIAs	Numeric Value	Project Reports/ Office of Regulatory	Quarterly	2010: 8	Yr 1: 10 Yr 2: 15	Q1=2 Q2=12

the regulatory review process and RIA process	conducted by GoS		Reform Reports			Yr 3: 20 Yr 4: 25 Yr 5: 30	
	Business perception of transparency and predictability increases	Qualitative	Business Survey	Annual	2010: 23% agree that transparency and predictability increased	Yr. 2: 25% Yr. 3: 28% Yr. 4: 32% Yr. 5: 35%	Yr2: 23.5%
5. Improve corporate governance standards, policies and regulations	Improvement in Doing Business Strength of Investor protection Index	Qualitative	World Bank Doing Business	Annual	2011: 5.3	2012: 5.3; 2013: 6; 2014: 6.5; 2015: 7	By WB DB Report published in October 2012 Serbia has a score of 5.3
	Number of Commercial Court judges trained in implementation of the Company Law	Numeric Value	Project Reports	Quarterly	N/A	Yr 1: 20	We don't have a target for Year 3
6. Create enabling environment for PPPs	Number of training hours of representatives of public sector entities and private companies trained in PPP	Numeric Value	Project Reports	Annual	N/A	Yr.2.: 200 Yr 3.: 200	Q1=322,5 Q2= 105
	Completion of regulatory framework (bylaws and methodologies) for PPP	Qualitative	Project records	Annual	Nonexistence of complete normative framework (bylaws and methodologies) for PPP	Yr2.: 0 Yr..3: Complete normative framework (bylaws and methodologies) for PPP (specifically 1-Methodological materials in the field of public-private partnerships and concessions; 2-Bylaw on public contracts registry; 3-Bylaw on Supervision over Implementation of Public Contracts	Q1=0 Q2=1- completed Bylaw on supervision over Implementation of Public Contracts
Component 2: Macroeconomic Policy and Public Financial Management Enhanced							

1. Improve GoS budgeting, fiscal policy analysis, and financial management efficiency	Improvement in the quality of Medium Term Budgeting and Prioritization	Qualitative	Project Reports	Annual	No effective budgeting framework is in place	Yr 1: Fiscal Strategy Report (FSR) contains estimates of potential GDP Yr2: FSR contains estimates of structural deficit Yr3: FSR contains estimates on tax expenditures Yr 4: Budgets among ministries better reflect their strategic priorities.	Fiscal Strategy Report for 2014 is expected in October 2013
	PEFA Multi- Year Score perspective in fiscal planning , expenditure policy and budgeting	Qualitative	PEFA Assessment (due Nov 2013)	Annual/ Results published every 3 years	2010: Scored C	Yr 5: Score B	The 2013 PEFA Assessment scheduled for November 2013.
	PEFA Assessment Score on predictability in the availability of funds for government expenditures	Qualitative	PEFA Assessment (due Nov 2013)	Annual/ Results published every 3 years	2010: Scored C+	Yr 5: Score B	The 2013 PEFA Assessment scheduled for November 2013.
	Number of articles published in the area of fiscal policy containing research and analysis provided through BEP assistance that support changes in fiscal policy	Numeric Value	Project Report	Monthly	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 3 Yr 4: 2 Yr 5: 2	Q1=1 Q2=0
	Number of activities related to macroeconomic and fiscal issues	Numeric Value	Project Report	Annual	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 4 Yr 4: 4	Q1=5 Q2=1 (Presentation of shadow economy to Working Group for combating shadow economy in Serbian Chamber of Commerce.)

	aimed at improving public-private dialogue ⁴					Yr 5: 3	
2. Improve public debt management and conditions for Government financing	Value of dinar denominated debt	Numeric Value	PDA (Public Debt Administration)	Annual	2010: Value of dinar debt is 14% of total borrowing	Yr 5: Proportion of borrowing increases to 20%	Yr2: 18.9% (on December 31, 2012) May 31 st 2013: 16.19%
	Government initiates a public issue of debt to more diversified investor base	Qualitative	PDA (Public Debt Administration) ad hoc report	Annual	Baseline end of March 2011 according to PDA: Banks own 87,1% on 31.03.2011	Yr 5: Banks own 75% or less of government debt in dinars	43,45% on May 31 st 2013
	Operational status of debt management system and number of reports developed to manage debt risks and strategy	Numeric Value	PDA (Public Debt Administration) ad hoc report	Annual	N/A	Yr 1: 0 reports (system not functional); Yr 2: 2 reports(system operational); Yr 3: 6 reports; Yr 4: 8 reports; Yr 5: 10 reports.	BEP Senior Expert continued assistance by helping the PDA test potential new debt management system (developed by Commonwealth Secretariat) and delivering a 26-page "Review of Tested Functionalities of the Debt Recording and Management System" (DRMS).
	Proportion of key PDA staff trained in debt management, economic and risk analysis	Numeric Value	Project records	Annual	N/A	Yr 1: 10% Yr 3: 50% Yr 5: 75%	Cumulatively 80% of key staff trained thus far. Q1= 10-sessions training was organized this quarter on advanced public debt risk management – Debt Sustainability Assessment model. Q2=2-sessions training was organized this quarter on debt sustainability assessment report structure. The

⁴ The new indicator “Number of activities related to macroeconomic and fiscal issues aimed at improving public-private dialogue” replaces the indicator “Quality of public dialogue and debate on macroeconomic and fiscal issues.” The new indicator is a more objective and attributable measurement of the project’s work to achieve this Objective.

							remaining work on this Scope of Work is being conducted as on-job-assistance.
3. Improve macroeconomic policy and strategy	Improvements in WEF GCI on "Macroeconomic Environment" addressing Nation's Savings Rate, as % of GDP	Numeric value	WEF GCI reports	Annual	2011: 14.8	Yr 5: 18	16.1 by the new WEF GCI published in September 2012
	Number of published studies and articles containing research and analysis provided through BEP assistance that support changes in macroeconomic policy	Numeric Value	Project Report	Annual	N/A	Yr1: 2 Yr2: 5 Yr3: 8 Yr4: 8 Yr5: 6	Q1=2 Q2=0
	Awareness of Government's Economic Growth Strategy	Qualitative	Business Survey	Annual	2011: 20% of businesses agreed that they have some awareness and understanding of the strategy	Yr. 2: 20% Yr. 3: 25% Yr. 4: 30% Yr. 5: 35%	Yr2: 38%
	Number of person hours of training of GoS staff on macroeconomic policy and public financial management topics	Numeric Value	Project Reports	Annual	N/A	Yr1: 500 Yr2: 1000 Yr3: 1000 Yr4: 750 Yr5: 300	Q1=379 Q2=44

Component 3: Increased Financial Market Development							
1. Increase capital available to business through the creation of a regulatory framework for NBFIs	Value of credit financed from NBFIs to businesses increases	Numeric	NBS Publications, Stock Market, and Securities Commission Reports	Annual	N/A Or TBD/calculated by C3	Yr.1: 0 Yr.2: 0 Yr.3: 5% Yr.4: 10% Yr.5: 10%	0
	Status of the legal and market framework for a commodities exchange	Qualitative	Project Report/MoF Report	Annual	Regulatory framework currently not in place	Yr 2: Commodities exchange law and regulatory framework established Yr 3 : Establishment of the commodities exchange	First draft of the Law is done
2. Strengthen integrity of the capital markets by helping the GoS to build capacity to ensure equity issuers and brokers comply with securities laws	Number of intermediaries trained and advised about upcoming securities laws	Quantitative	Securities Commission and Project Report	Annual	Majority of intermediaries trained and advised	Yr 1 to Yr 4: Will depend on the speed of implementation of new law and agreement with Securities Commission and MoF Yr5: 75% of intermediaries trained and advised on changes and benefits brought by new securities laws	<u>Up to now 417</u>
3. Improve the GoS' access to finance through the development of long term,	Value of dinar denominated debt	Numeric Value	Statistics Office	Annual	2010: Value of dinar debt is 14% of total borrowing	Yr 5: Proportion of borrowing increases to 20%	Yr2: 18.9% (on December 31, 2012) May 31 st 2013: 16.19%

liquid debt public market	Government initiates a public issue of debt to more diversified investor base	Qualitative	PDA (Public Debt Administration) ad hoc report	Annual	Baseline end of March 2011: Banks own 87,1% of debt (3/31/11)	Yr 5: Banks own 75% or less of government debt in dinars	November: 80,38%
4. Strengthened public-private dialogue on the financial sector and its role in economic development	Increased awareness of the role of the financial sector in economic development	Qualitative	Project Survey (a.k.a. BEP Business Survey)	Annual	Around 25% of businesses expressed a sort of an agreement that there is awareness	Yr 5: 50% increase in awareness	Yr2: 83.9 %
5. Strengthen the disclosure and transparency supporting new investment by assisting the GoS to implement required accounting, audit and disclosure standards	Compliance with IOSCO standards in areas of securities intermediaries and equity issuance improves	Qualitative/ Numeric Value	Project and IOSCO Reports	Bi-Annual	50%	Yr 5: Compliance improves to 60% or better	New Capital Market Law Regulations is expected to raise compliance level above 60%. Next IOSCO assessment TBD.

6. Improved access to finance for SMEs	Improved access to finance	Qualitative	Business Survey	Annual	2011: 25% of businesses agree that access to finance has improved	Yr. 3: 30% Yr. 5: 35%	Yr2: 23.2%
	Increase in average value of loan size and borrowing by SME's ⁵	Qualitative/numeric	Project Survey (BEP Business Survey)	Annual	2011: 89,475 EUR	Yr.2.: 0 % points increase from baseline Yr.3.: 10 % point increase Yr.4.: 15 % point increase Yr.5.: 20 % point increase	2012: 57,927 EUR

ATTACHMENT 5: BEP GRANTS UPDATE

30 June-13

BEP GRANTS UPDATE

Solicitation	Date of Issue	Project	Grantee	Amount USD	Amount RSD	Status
unsolicited proposal		Quarterly Monitor 24	FREN - Foundation for the Advancement of Economics	28,417	2,099,993	paid
unsolicited proposal		Business Leaders' Summit	SAM - Serbian Association of Managers	-	-	rejected
TOTAL				28,417	2,099,993	
RFA		Project	Grantee	Amount USD	Amount RSD	Status
RFA-2011-01	15-Jun-11	Business Survey	CeSID - Center for Free Elections and Democracy	18,502	1,401,600	paid
RFA-2011-01		Business Survey	GfK Belgrade	-	-	rejected
RFA-2011-01		Business Survey	Cromer Group	-	-	rejected
RFA-2011-02	15-Jul-11	Quasi Fiscal Charges	NALED - National Alliance for Local Economic Development	18,000	1,400,000	paid
RFA-2011-02		Quasi Fiscal Charges	BDO Business Advisory	-	-	rejected
RFA-2011-03	25-Jul-11	Econometric Assistance	FREN - Foundation for the Advancement of Economics	36,300	2,828,300	paid
RFA-2011-04	20-Sep-11	Construction Permits	MP and Associates	20,700	1,614,000	paid
RFA-2011-04		Construction Permits	ACES - Association of Consulting Engineers of	-	-	rejected

			Serbia			
RFA-2011-04		Construction Permits	City of Novi Sad	-	-	rejected
RFA-2011-04		Construction Permits	EC Harris d.o.o	-	-	rejected
RFA-2011-05	30-Sep-11	Journalist Education	CLDS - Center for Liberal Democratic Studies	15,000	1,175,000	paid
RFA-2011-05		Journalist Education	BIG - Business Info Group d.o.o.	-	-	rejected
RFA-2011-05		Journalist Education	BIRN - Balkan Investigative Network in Serbia	-	-	rejected
RFA-2011-06	5-Oct-11	Private Domestic Savings	CLDS - Center for Liberal Democratic Studies	-	-	withdrawn
RFA-2011-07	12-Dec-11	Training of Judges on Company Law	Balkan Center for Regulatory Reform (BCRR)	21,000	1,675,000	paid (modification 1)
RFA-2011-06-R	27-Dec-11	Private Domestic Savings	-	23,000	1,850,000	No applications were submitted
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	Foundation for the Advancement of Economics (FREN)	-	-	rejected
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	BDO Business Advisory LLC	-	-	rejected
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	CLDS - Center for Liberal Democratic Studies	22,230	1,840,000	paid
RFA-2011-01-F	Follow-on	Business Survey Follow-up Data Analysis	CeSID - Center for Free Elections and Democracy	4,513	370,000	paid
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	Beolmpigra, Ltd.	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the	AVENTo d.o.o	-	-	rejected

		Forum on Capital Market in Serbia				
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	EDGE Ltd. Belgrade	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	BLUEWATERS YU d.o.o.	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	Represent Communications	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	Chapter 4 Communications Consulting	19,980	1,697,180	paid
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Center for Liberal – Democratic Studies	-	-	paid
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	-	-	rejected

RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Joksovic, Stojanovic & Partners Law Office	-	-	rejected
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Foundation for the Advancement of Economics (FREN)	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach Campaign	Bluewaters YU LLC	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Kovacic&Spaic	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Represent Communications		84,342	Contracted (modification 1)
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Chapter 4 Communications Consulting	-	-	rejected

RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Executive Group d.o.o. Beograd	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Conference Republic d.o.o.	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Cromer Group Ltd.	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	MC 2 Public Affairs (Milosevic Creative Communications)	-	-	rejected
RFA-2012-04	26-Apr-12	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	BDO Business Advisory LLC	4,600,000	47,998	Terminated (modification 1)
RFA-2012-04	26-Apr-12	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	CLDS	-	-	rejected
RFA-2012-05	11-May-12	Economic Policy Measures to Combat Shadow Economy	BDO Business Advisory LLC	-	-	rejected

		and its Effects on Total Economic Growth in Serbia				
RFA-2012-05	11-May-12	Economic Policy Measures to Combat Shadow Economy and its Effects on Total Economic Growth in Serbia	Foundation for the Advancement of Economics (FREN)		79,830	paid (modification 1)
SSS-2012-01	6-Jul-12	2012 Business Survey in Serbia	CESID d.o.o.		25,825	paid
RFA-2011-04-F/2012	3-Aug-12	Assessment of Constraints to Construction Permits in Serbia - follow on	MP and Associates		16,850	paid
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	-	-	rejected
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Consulting Company ConsulTeam Ltd. Belgrade	-	-	rejected

RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	NIP Obrazovniinformatord.o.o. (Educational Informer)	-	-	rejected
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Adizes Business Consulting, d.o.o	-	-	rejected
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Belgrade Open School (BOS)		89,970	contracted
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Cromer Group LLC	-	-	rejected
RFP-2012-01	8 October 2012	Development of web-based inventory of spatial and urban planning documents	Team Net World Professional Services	-	-	rejected
RFP-2012-01	8 October 2012	Development of web-based inventory of spatial and urban planning documents	Omnicom Solutions d.o.o.	-	-	rejected
RFP-2012-02	19 November 2012	Document Management System and Public Register	PSTechd.o.o.		120,000	rejected

RFP-2012-02	19 November 2012	Document Management System and Public Register	TEAMNET World Professional Services		99,948	Selected (waiver pending)
RFP-2012-02	19 November 2012	Document Management System and Public Register	SAGA d.o.o.		115,000	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Audit And Consulting Company "Deloitte", Ltd., Belgrade		29,920	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Singidunum University – Faculty of Economics, Finance and Administration		29,765	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Adizes South East Europe		28,890	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental	Serbian Management Centre Ltd		29,810	Contracted

		Institutions in the Republic of Serbia				
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Fenix Human Resources Ltd.		29,855	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	CEFE Serbia		29,670	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Center for Project Management - CPM		29,450	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Cromer Group Ltd		29,560	rejected
RFA-2013-01	6 February 2013	Developing an Alternative Legal	Center for Liberal Democratic Studies in		39,970	rejected

		Framework for Improving Construction Permits in Serbia	consortium with Zivkovic and Samardzic			
RFA-2013-01	6 February 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	EU Bilddo.o		38,500	rejected
RFA-2013-01	6 February 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	MP&Associatesd.o.o. in consortium with Pro energod.o.o.		38,150	rejected
RFA-2013-01/R	15 March 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	EU Bilddo.o		48,500	ongoing
RFA-2013-01/R	15 March 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	MP&Associatesd.o.o. in consortium with Pro energod.o.o.		48,400	contracted

RFA-2013-01/R	15 March 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	Initiative for integrations – IFI		36,070	ongoing
RFA-2013-02	3 June 2013	Business Survey in Serbia			28,000	Ongoing (submissions deadline on 5 July 2013)

EXPRESSION OF INTEREST TITLE	APPLICANT	Amount RSD	Amount USD	Status	GSC Meeting
Economic Growth Model	Center for Liberal-Democratic Studies (CLDS)	0	0	Rejected	
Commodity Exchange at Agricultural Forum - Food for Europe	Economics Institute	389,640	5,000	PAID	9/26/2011
Economics Training for Students of Journalism	Association CIVILNET	0	0	Rejected	9/26/2011
Guide for preparation of the Plan of Reorganization (PR) in accordance with Bankruptcy Law	BDO Business Advisory	0	0	Rejected	9/26/2011
Guide for the preparation of the Prepackaged Plan of Reorganization (PPR) in accordance with Bankruptcy Law	BDO Business Advisory	0	0	Rejected	9/26/2011
Development of Corporate Bonds Market in Serbia	Chamber of Commerce and Industry of Serbia	0	0	Rejected	9/26/2011
Fiscal Rules as a Fiscal Responsibility Tool	Center for Liberal-Democratic Studies (CLDS)	0	0	Withdrawn	9/26/2011
MAT for Better Business Conditions	Economics Institute	810,600	10,300	PAID	11/4/2011
Belgrade Stock Exchange 10th International Conference	Belgrade Stock Exchange	300,000	3,800	PAID	11/4/2011
Public Administration Training to improve administrative capacity	Singidunum University - Faculty of Economics, Finance and Administration (FEFA)	0	0	Rejected	11/4/2011

Adjusting the Codex of Corporate Management of the SCCI with the new Company Law	Chamber of Commerce and Industry of Serbia	950,000	12,100	PAID	11/4/2011
Annual Seminar - Economic Potentials and Business Development Prospects	Belgrade Fund for Political Excellence (BFPE)	1,000,000	12,700	PAID	11/4/2011
Alumni Seminar - Improving Conditions for Doing Business in Serbia	Belgrade Fund for Political Excellence (BFPE)	1,100,000	14,000	PAID	11/4/2011
Including Serbia into the World Competitiveness Yearbook	Institute of Economic Sciences	0	0	Rejected	11/4/2011
Quarterly Monitor: Macroeconomic and Business Climate Issues of Serbian Economy	Foundation for the Advancement of Economics (FREN)	3,066,000	39,000	PAID	12/8/2011
Improving Competitiveness of Trade Companies	Serbian Association of Employers	0	0	Rejected	11/29/2011
Managers' Hours	Serbian Association of Managers	1,297,280	16,300	PAID	12/8/2011
Enforcement of the Law on Capital Markets	Center For Advanced Economic Studies	0	0	Rejected	12/8/2011
Export-Oriented Recovery	Center For Advanced Economic Studies	0	0	Rejected	1/12/2012
Practice of Corporate Finance in Serbia	Chamber of Commerce and Industry of Serbia	0	0	Rejected	12/8/2011
Reform of Financial System and Protection of Intellectual Property Rights in Serbia	ACADEMICA Center for Creative Economy Research	0	0	Rejected	1/12/2012
Supermarket	CEFE Serbia	0	0	Rejected	12/8/2011
Strengthening Communications Skills Training	Represent Communications	0	0	Rejected	12/8/2011
Towards business-friendly environment for development of creative industries in Serbia	Serbian Financial and Business Consultants (SFBC)	0	0	Rejected	1/12/2012
Policy Advocacy Activities	Association of Management Consultants of Serbia	0	0	Rejected	12/8/2011
Grey Book of Doing Business in Pancevo	City of Pancevo Economic Development Agency	0	0	Rejected	12/8/2011

Macroeconomic Analyses and Trends (MAT) - for Better Business Conditions (eight issues)	Economics Institute	2,400,000	28,015	Rejected	4/24/12
Round tables "For better Business Conditions"	Economics Institute	3,000,000	35,000	PAID (Modification1)	4/24/12
Practice of Corporate Finance in Serbia	Chamber of Commerce and Industry of Serbia	0	0	rejected	4/24/12
Citizens' Budget Guide	BIRN	2,420,000	28,131	PAID (Modification 1 Modification 2)	4/24/12
"Quarterly Monitor: Institutional Challenges to Boosting Employment, Growth and Public Sector Efficiency in Serbia"	Foundation for the Advancement of Economics (FREN)	2,900,000	33,971	PAID (Modification 1)	4/24/12
Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment in the Republic of Serbia	NALED - National Alliance for Local Economic Development	5,422,950	63,525	PAID (Modification 1)	4/24/12
Ask When! - Advocacy Campaign for Improving of Doing Business Environment in the Republic of Serbia	NALED - National Alliance for Local Economic Development	2,328,500	24,998	PAID (Modification 1)	5/29/12
Steinberg Capital&Publishing&Production ltd	Grant for development of Financial Markets	0	0	rejected	4/24/12
Government - Business Dialogue	Bluewaters YU LLC	0	0	rejected	5/18/12
Developing Methodology for Improving Local Incentives to Support Local Economic Development and Improvement of Business Environment in Serbia	RARIS - Regional Development Agency Eastern Serbia	0	0	rejected	5/18/12

Internet Radio Station	The First Entrepreneur Association	0	0	rejected	6/14/12
Press Retreat and Financial Market Workshop	Chapter 4 Communications Consulting	0	0	rejected	6/29/12
Accelerated Development of the Leasing Industry in Serbia	Association of Leasing Companies "ALCS" Belgrade	3,000,000	32,545	rejected	6/29/12
Municipal bonds – A way to a sustainable local economic development	Bluewaters YU LLC	2,300,000	23,782	rejected	9/13/2012
Conference 100 Days of Government	American Chamber of Commerce in Serbia	1,812,500	19,215	rejected	9/13/2012
Conference: Improving Conditions for Doing Business in Serbia	Belgrade Fund for Political Excellence	1,627,460	18,000	rejected	9/13/2012
Strengthening the Voice of Managers	Serbian Association of Managers	2,375,000	25,986	rejected	9/13/2012
Development of regulatory frameworks and mechanisms of alternative financing for SMEs in Serbia	EDGE Ltd Beograd	2,000,000	21,886	rejected	9/13/2012
Innovated model banking services to Serbian legal entities and agriculture during process of society transition, sanitation of banking and finance sector and state recover after last world wide economy crises (2013-2025).	MEJA LTD, BELGRADE	3,000,000	33,700	rejected	10/11/2012
Annual Seminar (Module 2): Economic Potentials and Business Development Prospects in Serbia by 2020	Belgrade Fund for Political Excellence	2,176,070	24,500	rejected	10/11/2012

Improving competitiveness of Serbian economy through development of the system of Institutional Financial Restructuring (IFR Project)	Chamber of Commerce	2,535,075	28,233	rejected	10/11/2012
Strengthening the Voice of Managers	Serbian Association of Managers	1,150,000	12,960	contracted	10/11/2012
Conference 100 Days of Government	American Chamber of Commerce in Serbia	1,874,300	21,343	Contracted (Modification 1 and 2)	10/11/2012
Policy Measures to Enhance Serbian Exports	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	3,530,000	39,831	rejected	10/11/2012
Monetary and Fiscal Model for the Government of Serbia, Supporting Tool in Monetary, Fiscal and Trade Policy Making	Belox Advisory Services Ltd.	11,500,000	131,034	rejected	01/24/2013
Better Treatment for More Investments in Serbia	OPTIMUS - Center for Good Governance	2,979,756	33,708	rejected	01/24/2013
Building Project Management Awareness in Government of Serbia	PMI Serbia Chapter	900,000	10,483	rejected	01/24/2013
Institutionalizing the Concept of Continuous Improvements within the Public Sector of the Republic of Serbia	Audit and Consulting Company "Deloitte", Ltd., Serbia	2,579,000	32,136	rejected	01/24/2013
Improve Macroeconomic Policy and Strategy - Impact of Cultural Heritage and Viticulture on Macroeconomic Development of Vojvodina and Republic of Serbia	Fruskogorski Vinogradi	3,000,000	34,945	rejected	01/24/2013

Preparing Serbia for Free Movement of Services	European Policy Centre	2,800,000	32,613	rejected	01/24/2013
Evaluation of Influence of the Project “Western Balkans Innovative Auto Region” on Macroeconomic Development of Sumadija Region	L&I Consulting	2,500,000	29,119	rejected	01/24/2013
Build Efficiently in Serbia Today (BEST- a Guide through Building Proedures)	Center for Architecture Belgrade	1,600,000	18,636	rejected	01/24/2013
Building Capacity of Government of Serbia (GoS) in Project Management, Communications Management and Leadership Area	4You doo Beograd	2,850,000	33,195	Rejected	01/24/2013
Improve the Environment for Development and Institutionalization of Clusters in Serbia	Cluster House	3,000,000	34,943	Rejected	01/24/2013
Bank Collaboration to Improve SME Access to Finance	Center for Advanced Economic Studies (CEVES)	2,500,000	29,119	approved (to be contracted)	01/24/2013
No name	Serbian Financial and Business Consultants –Creative Economy Group	2,780,000	32,380	Rejected	01/24/2013
Impact Serbia	CEFE Serbia	2,841,000	32,965	Rejected	01/24/2013
Forum 2013 - For better business conditions	Economics Institute	-	40,000	Grantee withdrew	4/26/13
Support for the implementation of QUEST_Serbia Macroeconomic Model, Monetary and Fiscal Model of the Government of Serbia	Belox Advisory Services Ltd.	-	40,000	Ongoing	4/26/13

Panels „For better conditions for doing business“ within Business Info Group conferences – „Financing of Small and Medium Enterprises“ and „Governors and Bankers of the Region“	Business Info Group (BIG)	-	24,000	Ongoing	6/7/13
Practical Guide: How SME can acquire money in Serbia	AAP Consulting Ltd Belgrade	-	24,800	Rejected	6/7/13
Strengthening Communication Capacities of Project's Communicators	Represent Communications		32,320	Rejected	6/7/13
Bankruptcy - A Chance for a Fresh Start	Association for the promotion of Serbian economy "Timeline"		15,000	Ongoing (waiting for full application)	6/7/13
Business Heartbeat - Reform Advocates	NALED		100,000	Ongoing	6/7/13
Standard Methodology for SMEs Project Appraisal	AAP Consulting Ltd Belgrade		34,000	Ongoing	To be reviewed on 7/10/13
Strengthening support for inspections reform	Center for Democracy Foundation		28,000	Ongoing	To be reviewed on 7/10/13
TOTAL REQUESTED		97,480,111	\$ 1,452,487		

OVERVIEW:

Total number of applications	72
Rejected / postponed/ withdrawn	48/-/2
Paid / Contracted / Approved	13/15/16
Pending / under negotiations /open	6/-/-

FINANCIAL STATUS OF CONTRACTED GRANTS

RFAs 2011, 2012, 2013

			RSD	USD	Status
Foundation for the Advancement of Economics - FREN	Quarterly Monitor 24	unsolicited proposal	2,099,993	28,417	Paid
CeSID	Business Survey	RFA-2011-01	1,401,600	18,502	Paid
CeSID	Business Survey Follow-up Data Analysis	RFA-2011-01-F	370,000	4,513	Paid
National Alliance for Local Economic Development - NALED	Assessment of Impact of Quasi-Fiscal Charges on Businesses in Serbia	RFA-2011-02	1,400,000	19,197	Paid
Foundation for the Advancement of Economics - FREN	Econometric Assistance	RFA-2011-03	2,828,300	37,870	Paid
MP and Associates	Assessment of Constraints to Construction Permits in Serbia	RFA-2011-04	1,614,000	20,550	Paid
Center for Liberal-Democratic Studies - CLDS	Project on Journalist Education on Economic and Business Environment Reforms	RFA-2011-05	1,175,000	14,290	Paid
Balkan Center for Regulatory Reform - BCRR	For Training of Commercial Court Judges on Implementation of the New Company Law	RFA-2011-07	1,675,000	20,630	Paid
Center for Liberal-Democratic Studies - CLDS	Study on Private Domestic Savings	RFA-2011-06-R2	1,840,000	22,230	Paid
Chapter 4 Communications Consulting	Organization of Capital Market Forum in Serbia	RFA-2012-01	1,697,180	19,980	Paid

Center for Liberal Democratic Studies	Policies to Increase Employment and Workforce Competitiveness	RFA-2012-02	2,987,000	34,052	Paid
Represent Communications	PR/Outreach Campaign	RFA-2012-03		84,342	4/5 paid (Modification 1, 2)
BDO	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	RFA-2012-04	4,600,000	47,998	2/3 paid (Modification 1, Termination of grant agreement)
Foundation for the Advancement of Economics (FREN)	Economic Policy Measures to Combat Shadow Economy and its Effects on Total Economic Growth in Serbia	RFA-2012-05		79,830	Paid
CESID d.o.o.	2012 Business Survey in Serbia	SSS-2012--01		25,825	Paid
MP and Associates	Assessment of Constraints to Construction Permits in Serbia - follow on	RFA-2011-04-F/2012		16,850	Paid
Belgrade Open School (BOS)	Better Public Administration through Internship Placements	RFA-2012-06		89,970	3/6 paid
Serbian Management Centre Ltd	Management Training for Public Officers Working in Government Institutions in the Republic of Serbia	RFA-2012-07		29,810	2/3 paid

MP and Associates	Development of an Alternative Legal Framework for Improving Construction Permits in Serbia	RFA-2013-01/R		49,400	2/6 paid
Subtotal				664,256	

APS 2011, 2012, 2013

			RSD	USD	Status
Economics Institute	Agricultural Forum "Food for Europe"	APS-2011-01-1	389,640	5,043	Paid
Economics Institute	MAT - for Better Business Conditions	APS-2011-01-2	820,000	9,965	Paid
Belgrade Stock Exchange - BELEX	Belgrade Stock Exchange 10th International Conference	APS-2011-01-3	300,000	3,872	Paid
Foundation for the Advancement of Economics - FREN	Quarterly Monitor 25-26-27 : Macroeconomic and Business Climate Issues of Serbian Economy	APS-2011-01-4	3,066,000	39,574	Paid
Belgrade Fund for Political Excellence - BFPE	Alumni Seminar - Improving Conditions of Doing Business in Serbia	APS-2011-01-5	1,100,000	13,805	Paid
Belgrade Fund for Political Excellence - BFPE	Annual Seminar - Economic Potentials and Business Development Prospects	APS-2011-01-6	1,000,000	12,018	Paid
Chamber of Commerce and Industry of Serbia	Adjusting the Codex of Corporate Governance of the CCIS with the New Company Law	APS-2011-01-7	1,270,000	15,370	Paid
Serbian Association of Managers - SAM	Managers' Hours	APS-2011-01-8	1,297,280	15,770	Paid

Economics Institute	Round tables -For better business conditions	APS-2012-01-3	2,959,208	32,199	Paid (Modification 1)
National Alliance for Local Economic Development - NALED	Ask When! - Advocacy Campaign for Improving of Doing Business Environment in the Republic of Serbia	APS-2012-01-4	2,328,500	25,308	Paid (Modification 1)
Foundation for the Advancement of Economics - FREN	"Quarterly Monitor: Institutional Challenges to Boosting Employment, Growth and Public Sector Efficiency in Serbia"	APS-2012-01-2	2,648,319	28,328	Paid (Modification 1)
BIRN	Citizens' Budget Guide	APS-2012-01-5	2,513,906	27,682	Paid (Modification 1 Modification 2)
NALED - National Alliance for Local Economic Development	Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment in the Republic of Serbia	APS-2012-01-1	3,000,000	32,637	Paid (Modification 1)
American Chamber of Commerce in Serbia	"First Lap Time - 100 Days of Government" and Follow up	APS-2012-01-6		22,688	2/3 paid (Modification 1 and 2)
Serbian Association of Managers - SAM	Strengthening the Voice of Managers	APS-2012-01-7		14,192	1/3 paid (Modification 1)
Subtotal				298,451	
TOTAL CONTRACTED USD				962,707	

